PUTTING CUSTOMER SATISFACTION IN ITS PLACE: BROADER ORGANIZATIONAL RESEARCH PERSPECTIVES VERSUS MEASUREMENT MYOPIA

Doug Grisaffe, Walker Information

ABSTRACT

Academic and applied interest in customer satisfaction has centered around issues of measurement, modeling and management. While these are worthy topics, research and practice regarding them has been overly myopic. Focusing on the satisfaction of current customers will not be a sufficient basis to accomplish the ultimate goal for which it was designed - shaping strategic management of an organization. What is needed is a much broader set of metrics, coming from a broader set of sources and constituencies (i.e., stakeholders). Groups like prospective customers, lost customers, employees, investors and others need to be considered simultaneously. A broader set of metrics on these diverse groups needs to be captured, monitored, and explored as part of an integrated, interconnected network of causal interrelationships. Customer satisfaction must be put in its place as a necessary but not sufficient area for organizational research and management attention within this broader unified framework. After building a detailed case for that philosophy, some practical implementaion methods are suggested. Two brief case study descriptions provide examples of how these ides can be applied in strategic organizational contexts.

PART I. THE PHILOSOPHY OF A BROADER PERSPECTIVE

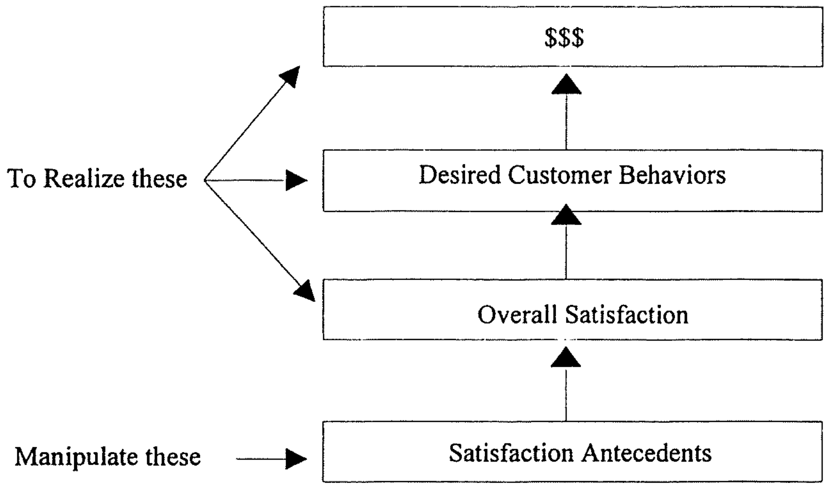
Introduction

Customers are the lifeblood of a business, and an essential key to desired outcomes like financial profitability, growth and stability. To reap those desired rewards on an ongoing basis, customer expectations must be met. Indeed this has been at the heart of theorizing about customer satisfaction for at least two decades (e.g., Oliver, 1980; Churchill and Surprenant, 1982; Parasuraman, Berry and Zeithaml, 1985; see discussion in Iacobucci, Ostrom, Braig, and Bezjian-Avery, 1996). However, the emphasis on measuring customer satisfaction goes far beyond pure academic interest. Businesses have come to focus large amounts of attention and resources on the construct because of the assumption that satisfaction causally precedes certain customer behaviors - things like positive word of mouth recommendations, repeat purchase, increased spending, and increased share of spending. If this causal notion is correct, strategically increasing performance on demonstrable antecedents of satisfaction will lead to higher levels of customer satisfaction, leading to desired customer behaviors, which in turn will result in desirable financial outcomes for the business. A simple generic diagram of the logic is shown in Figure 1.

Because of both academic and applied interest in the topic of customer satisfaction, much attention has been given to measurement (e.g., Vavra, 1997), modeling (e.g., Anderson and Sullivan, 1993; Spreng, Dixon, and Olshavsky, 1993), and management (e.g., Griffin, Gleason, Preiss, and Shevenaugh, 1995) issues surrounding this general theoretical orientation. For example, what is the best conceptual definition of customer satisfaction? How should it be measured? What exactly are its antecedents? What are its consequences? How does satisfaction link to behavioral intentions and actual behaviors? How does satisfaction link to financial outcomes? What are the best modeling techniques for studying customer satisfaction? How should customer satisfaction be influenced and managed in applied organizational settings?

My intention in this paper is to argue that all of these are reasonable and good questions to

Figure 1
Generic Hierarchical View of Customer Satisfaction



ask, but that the perspective in and of itself is limited and far too narrow. What is needed is a much broader set of organizational constructs and metrics (among which customer satisfaction is certainly necessary, but not sufficient) to enable a higher level of more holistic, strategic, and effective managerial actions and improvement efforts.

Rational Bases for Moving Beyond Satisfaction

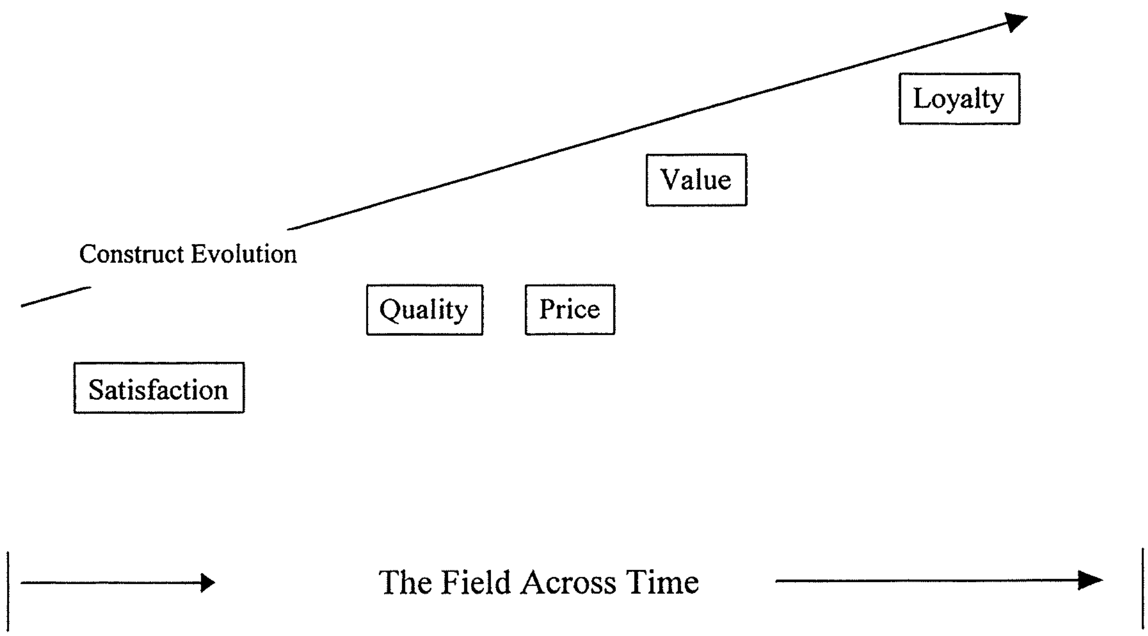
One positive shift toward a more complete perspective in the field of customer satisfaction measurement has been an expansion of the constructs that are studied. This is a step in the right direction. It is now generally acknowledged that a pure focus on the satisfaction construct is insufficient. Various streams of additional concepts have been introduced across time, which now are considered vital to understanding customer relationships.

For example, consideration of perceived quality, perceived price, perceived value, all have become ingrained parts of the "customer satisfaction measurement" backdrop (e.g., Zeithaml, 1988; Bolton and Drew 1991; Gale, 1994). And in recent years, there has been a growing interest in the notion of customer loyalty - in some ways reviving much of the theorizing on brand loyalty from the 1970s. Under loyalty, a host of related factors have also been discussed (Dick and Basu, 1994; Oliver, 1999). As shown in Figure 2 then, there has been a progressive evolution of constructs considered under the general rubric of "customer satisfaction measurement."

But is it really reasonable to assume that even this expanded set of measures captures everything vital surrounding customer issues? After all, most of these constructs are generally measured only with current customer perceptions. Sometimes customers of competitors are considered, but even then it is often viewed only as a point of comparison for what "our" customers think. Unfortunately, there are highly valuable "customer" perspectives that are completely overlooked in these approaches.

For example, what about the perceptions of *prospective* customers? In the process of becoming our customers, what led them to do so relative to other competitive offerings in the market? And what do we know about the perceptions of prospective customers who chose another brand or supplier? Wouldn't it be

Figure 2
Evolution of Construct Prominence in Customer Satisfaction



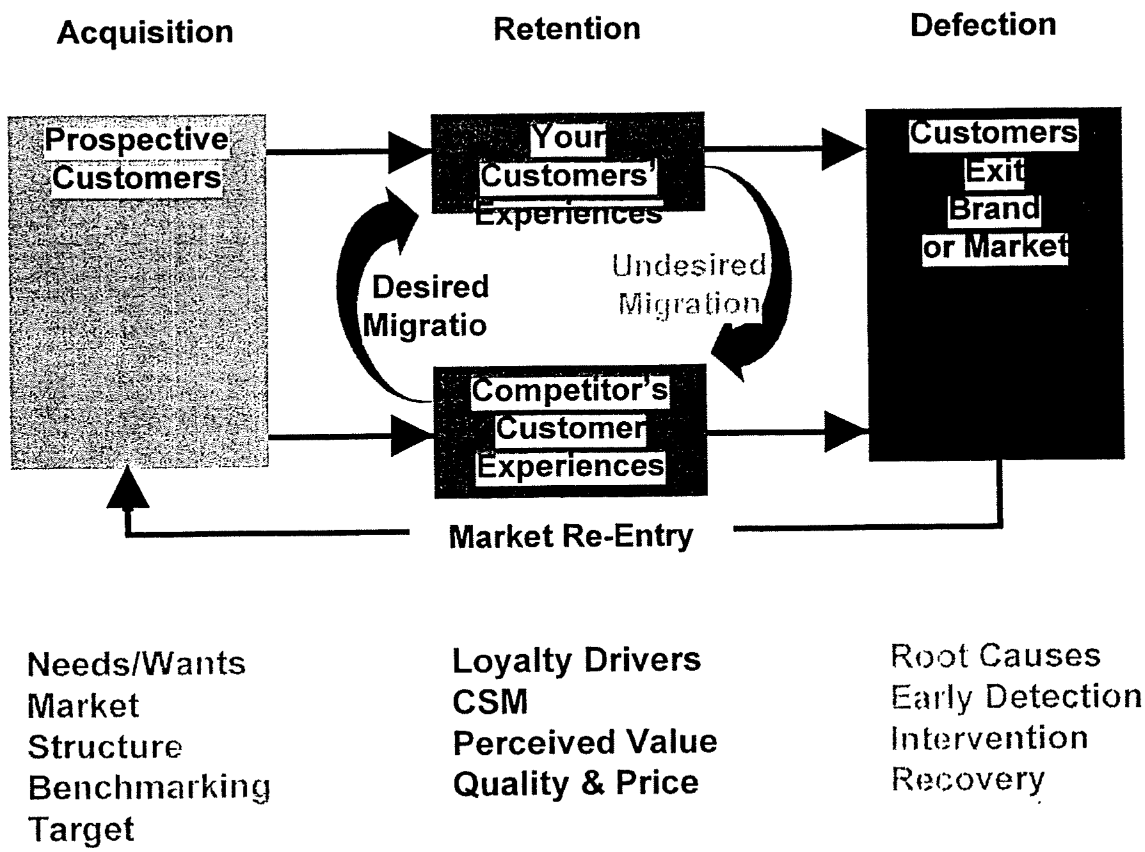
valuable to know why they did so? Yet companies often overlook the potential wealth of information to be discovered by studying the full dynamics of the customer acquisition process. These perspectives are missed entirely by a pure "satisfaction-of-current-customers" approach.

Not only is there a potential wealth of valuable information in studying customer acquisition processes, but the same can be said for studying customer defection processes (Jones and Sasser, 1995; Reichheld, 1996a). Those customers who have defected are no longer even around to provide their valuable feedback about the organization's products and services. So again, a focus on current customers only, will cause critical information to be missed.

By considering acquisition and defection along with the expanded set of perceptions of current customers, we already have significantly enhanced our framework for understanding customer satisfaction issues. A diagram of the more holistic perspective and some of the associated dynamics is presented in Figure 3. In this view, customers can be thought of through a unifying life cycle conception, something akin to frameworks used to describe product life cycles. First, there are prospects. By a variety of acquisition dynamics and processes, some of these prospects become your customers, while others become competitor customers. These customers then experience the chosen company's products and services. There may be problems, competitive pressures, or changes in wants/needs that can lead to competitive migration or even defection. Some defectors may exit the market entirely, while others may re-enter again at the acquisition stage.

This simple example of a broader customer framework shows how the typical scope of customer satisfaction may miss key pieces of information vital for truly understanding customer issues more holistically. It also becomes clear that broadening our vision can lead to a need to integrate various data streams. Simultaneous analysis and interpretation of these data streams will be extremely useful in more holistically and strategically managing the overall course of an organization.

Figure 3
"Satisfaction" in a Lifecycle Context



Moving Beyond Customers

Even if we consider a broadened view of our customer processes, we still have focused only on one constituency essential to the organization's success - customers. But there are other constituencies, sometimes referred to as "stakeholders" that include groups like employees, investors, community leaders, suppliers, shareholders, special interest groups, the media, government regulators, and influential opinion leaders (e.g., Svendsen, 1998).

These other constituencies should be considered for two reasons. First, several of them affect prospective, existing, and lost customer elements in the broadened customer framework of Figure 3. Second, these groups have their own independent effects on organizational success and deserve measurement and management in their own right. If we really are about the business of unified strategic management of our organization, my point is that there will be tremendous power in considering all of these stakeholder elements together, in an integrated whole, as the informational foundation for strategic management. This will be more powerful than consideration of customer satisfaction issues alone.

A simple example of the power of a broadened integrated perspective is embodied in currently accepted and empirically demonstrated conceptualizations that consider employees and customers simultaneously (e.g., Rucci, Kirn and Quinn, 1998). Who is it in an organization that actually puts a "face" on the company for its customers? It is employees of the company -

particularly those involved in direct servicing of customers. Whenever there is human interaction between customers and employees, it is intuitive to expect that customer experiences will be influenced by the service and actions of those employees. It is also intuitive that the way employees have been treated by the company will affect the way they represent the company and treat customers. Thus, at a minimum, a logical basis exists for considering employee data simultaneously with customer data.

In this simple example, we have not only expanded the list of constructs and life cycle stages, but we have leapt into an entirely new stakeholder group. How much more aligned this type of holistic thinking is with the complex job of senior managers, who must consider a broad array of elements, and the way all of those together influence the organization's success. While customer satisfaction researchers may be fully engrossed in their area of expertise, successful management of the organization as a whole will require a broader perspective that includes other accountability metrics from an expanded set of stakeholder groups.

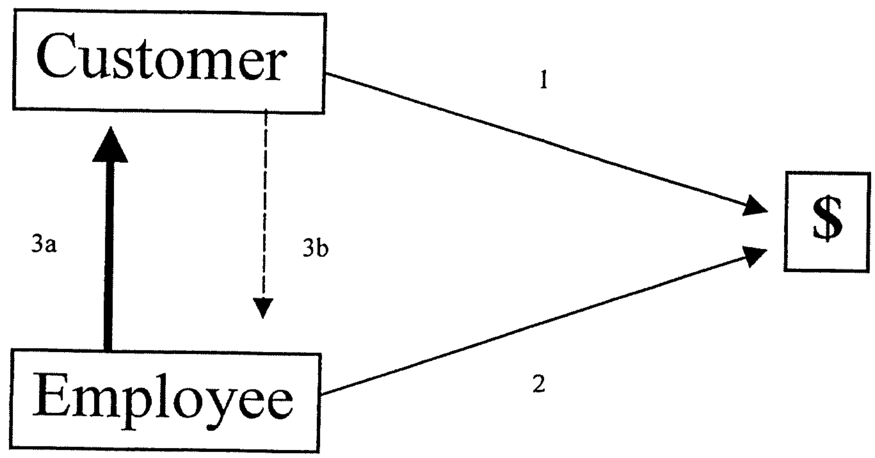
An important point here is that I am not simply proposing a joint consideration of many independent quantities. Rather, I also am arguing that these quantities are interrelated, in an interconnected system. Integrating all of these indicators will require explicit consideration not only of the broader set of elements, but also of the connections and relationships among them - the nomothetic network of causes and effects that unite to simultaneously affect the health of a company.

Coming back to our simple employee-customer example, consider Figure 4. As is deemed axiomatic in customer satisfaction research, there is an effect of customer attitudes and behaviors on the financial outcomes of an organization (path 1). Likewise, employee attitudes and behaviors influence organizational financials directly (path 2) through things like employee motivation, performance, and retention (leading to lowered recruitment costs, work efficiencies due to organizational knowledge, etc.). However the simple diagram also explicitly acknowledges empirically supported conventional wisdom that there are causal linkages between employees and customers (paths 3a and 3b).

Employees who feel strongly attached to the organization are likely to work harder to help customers. Doing so gives behavioral expression to their feelings toward the organization. Customers who receive high quality service from committed employees should have more positive attitudinal reactions (e.g., customer satisfaction, perceived service quality, etc.). Employees who stay with the organization for long periods become familiar faces to customers, enhancing relationships with them, and thus inspiring greater satisfaction and loyalty among these customers. Employees who feel "trapped" and disgruntled about an organization may well express themselves through poor customer service or, even bad-mouthing the organization to customers. These scenarios lead intuitively to a causal connection from employees to customers (with path 3b in Figure 4 also acknowledging that satisfied customers potentially lead to higher employee satisfaction - e.g., satisfied customers may be more pleasant and easier to work with, etc.). (See Allen and Grisaffe, in press, for further discussion of this reasoning).

The main point here is that our expanded customer perspective can be expanded even further, by explicit consideration of employees. This argues for investigation of constructs like customer loyalty and employee loyalty together in the context of a single conceptual path diagram. When empirically demonstrable synergies between the loyalties are better understood, the entire system can be managed as a whole, rather than in disconnected pieces. In research terms, rather than thinking only of "direct effects," employee and customer variables can be assessed in light of their total effects (direct effects + mediated / indirect effects through the influences on the other stakeholder group).

Figure 4
Simple Representation of Employee Customer Connections



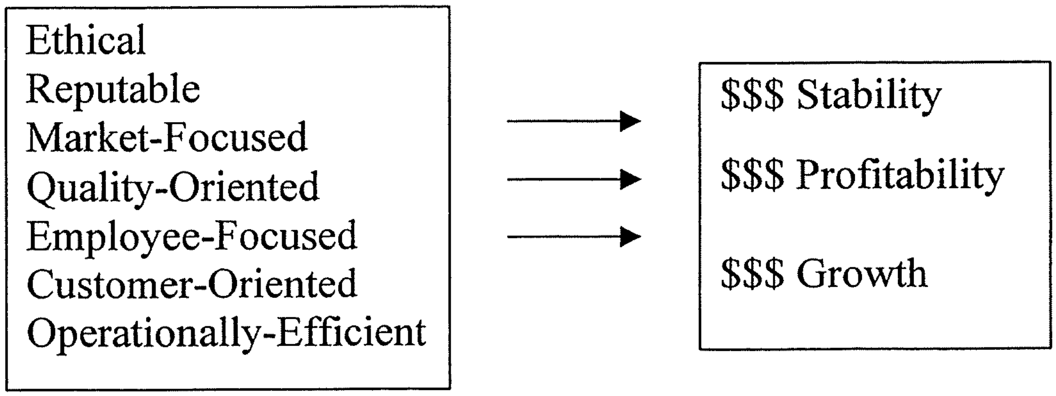
Getting Broader Still

The need to broaden our perspective as customer satisfaction researchers can be inferred and derived as a logical extension of the key ideas I have discussed so far: (1) evolution of focal customer satisfaction constructs to be measured and modeled, and (2) connection of customers with employees and financials in simultaneous systems. But other streams of theory and research set the stage for contextualizing customer satisfaction within an even broader framework. This is especially fitting with the ideas of those who advocate organizational focus on a broad set of stakeholders (Atkinson, Waterhouse and Wells, 1997; Svendsen, 1998) and those who advocate management by a broad set of metrics (e.g., Kaplan and Norton, 1996).

I already mentioned the fact that most organizations have many different types of stakeholders including customers, employees, investors, communities, suppliers, community leaders, shareholders, special interest groups, the media, government regulators, and influential opinion leaders. Having a relationship with these various constituencies, an organization should pay attention to how well those relationships are working, via measurement, modeling, and management. In addition there are other metrics by which an organization can manage. For example there are internal metrics, often used for operational purposes. These are likely to be recorded and tracked in an organization, probably being monitored with statistical process control methods. But it is also likely that these metrics are not formally tied or connected in any way to other types of measures being discussed here.

For example, a company might monitor how long a customer waits for the phone to be answered when calling in for customer service. That internal metric probably relates to customer ratings of the company's responsiveness - a variable often influencing a variety of "satisfaction measurement" variables. But are most companies linking, co-interpreting, co-managing all of these measures simultaneously? The likely answer is no. Often, different organizational leaders and departments measure, house, and manage these different data streams entirely separately. This generally is true for most imaginable pairs of research foci (e.g., customer and internal metrics, customer and employee metrics, internal and employee metrics, etc.), let alone for the kind of expanded simultaneous perspective I am advocating here.

Figure 5
Foundations of a Broader Framework



A Starting Point for a Broader Framework

To start spelling out a vision for a truly broad perspective, consider some ideas about what it takes to be a balanced, successful business. Characteristics would include things like being operationally efficient, being ethical, gaining a good reputation, being market-driven, being customer-oriented, being employee-focused, and being quality-oriented, among others. High performance in areas like these is taken to lead to positive financial outcomes. Figure 5 shows a simple layout of those ideas.

With respect to measurement and management of these concepts, the notion is very similar to that of basic customer satisfaction research - measuring and managing improvements on the non-financial left side of Figure 5 leads to improved financial metrics on the right side. In this case however, the left side includes customer metrics, but is expanded far beyond those alone. Rather, it implies a broad set of ideas, each of which may be measured through a number of quantifiable constructs.

For example in the realm of customer satisfaction, quality, price, value and loyalty measurement could all fall under the idea of being customer focused. Customer acquisition and defection research could fall under both the customer focused and market focused headings. My point here is not to attempt to be prescriptive or exhaustive. Rather, it is to set forth an expanded vision of the metrics an organization should measure, how those concepts can and should be fit into some kind of broader organizing conceptual framework, and within that, how customer satisfaction research is one vital, yet not sufficient area of research attention (Grisaffe, 1999).

Further, I am advocating the explicit consideration and analysis of linkages among the elements in the system for the very reason that they obviously are not independent, but rather are interdependent. For example, operational efficiencies will affect employee experiences and customer experiences. Employee experiences will affect their own attitudes and behaviors, which will in turn affect customer experiences and subsequent customer attitudes and behaviors. Customer and employee behaviors will affect financial outcomes. The financial outcomes and business practices of an organization will affect their reputation in the marketplace, and perceptions of that reputation will in turn affect customer, employee, supplier and investor feelings about the company. These are just a few logical examples. What is implied then is a "web" of effects, the elements and interconnections of which must be understood for strategic management purposes.

Understanding the web of effects requires a perspective broader than traditional customer satisfaction measurement can offer. It requires a focus on more stakeholder groups, each with their own set of critical metrics. And it requires moving past the conditions typical in many organizations today. (1) Diverse data streams and metrics are populated separately rather than as an integrated system. (2) Separate detached researchers and research departments exist in a variety of "places" in the organization. (3) There is little strategic management of supplier relationships, such that each separate pocket of research works on its own to decide who to partner with, thereby missing strategic research design consistencies and a variety of possible economies and efficiencies. (4) There is no strategic holistic view that integrates these streams of research into a unified, integrated strategy for organizational change. All of these typical organizational conditions add up to missed opportunities for the company under the highly probable scenario that the integrated information is more compelling and diagnostic than the stand-alone pieces considered in isolation.

PART II. A PROPOSED IMPLEMENTATION STRATEGY

Construct an Organizationally Appropriate Super Model

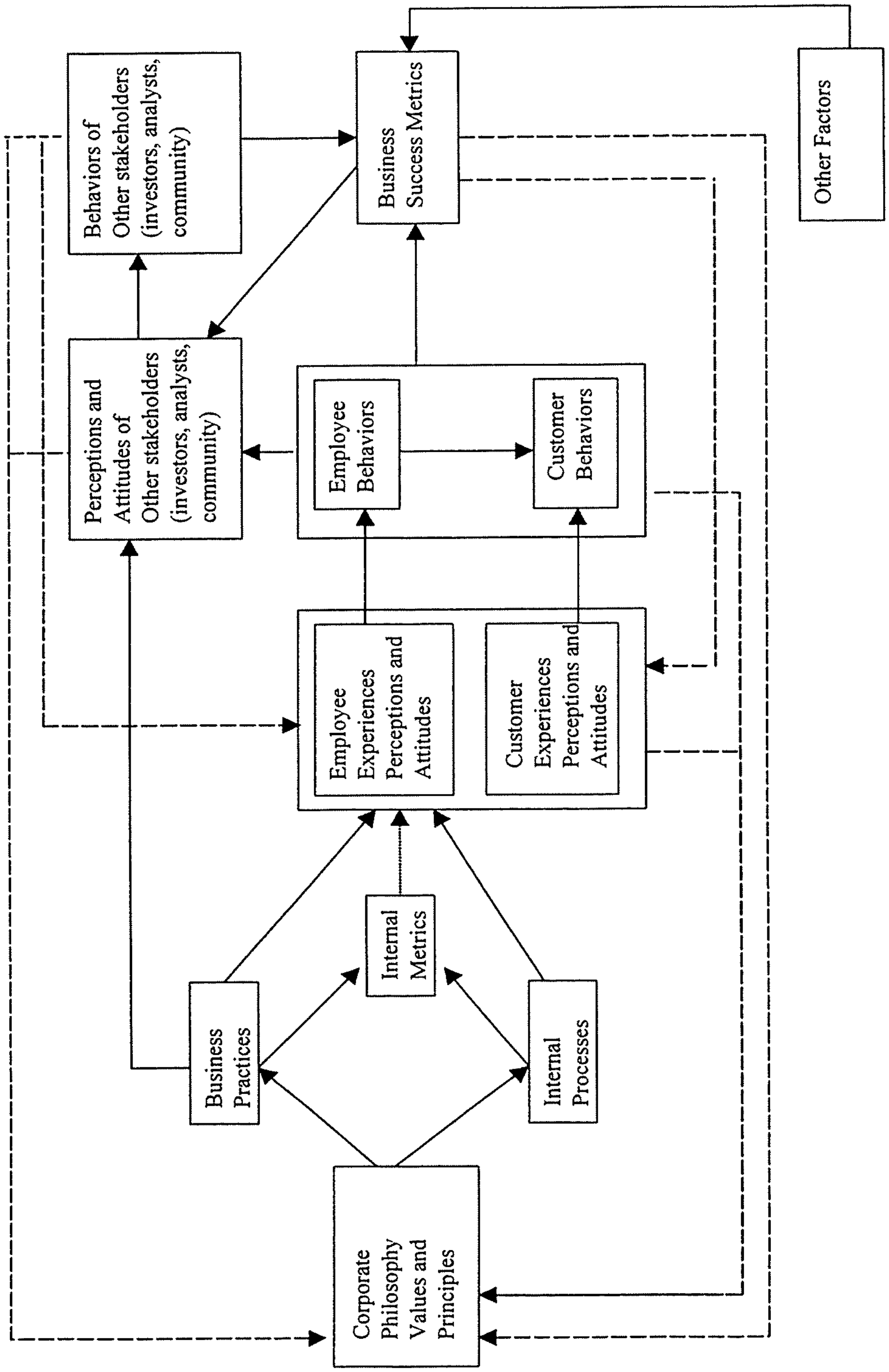
Here I advocate the notion of a "super model." That is, a model that maps out theoretical and conceptual relationships among a broad set of diverse constructs from multiple stakeholders and other organizational sources. There have been presentations in the literature that are limited special cases of what I am describing. For example, the Service Profit Chain (Heskett, Sasser, and Schlesinger, 1997), and the work of Rucci, Kirn and Quinn (1998) with Sears data, both could be seen as a special case of a super model built to capture employee, customer and financial constructs. Likewise, the work of Reichheld (1996b) lays out a conceptual model that considers customers employees, investors and profitability. Arguably, the Kaplan and Norton (1996) balanced scorecard also presents a conceptual arrangement of several diverse constructs hierarchically, albeit without much resemblance to a hierarchical causal model framework.

I provide an example in Figure 6, with a brief description of the ideas to follow. Again the point is not to be comprehensive or prescriptive, but rather to demonstrate how one might go about conceptualizing a diagram useful for a holistic integration effort in an organization.

In Figure 6, guiding managerial philosophies, values, and principles are shown driving business practices and an organization's approach to internal processes. These operationalizations are quantified in a set of internal metrics. The internal metrics serve as a quantitative proxy for the practices and processes themselves, and therefore are expected to correlate with employee and customer metrics. Business practices and internal processes thus affect employee and customer experiences, which in turn affect their perceptions, attitudes and ultimately behaviors. Employee and customer behaviors affect business success - an "outcome" quantifiable in a variety of metrics. Employee and customer behaviors also affect the perceptions and attitudes of other stakeholders. Those stakeholders then behave in ways that affect business success too (e.g., investing). Business success is not entirely determined by employee, customer, and other stakeholder behaviors. It is also affected by "other factors" (e.g., market conditions). Business success affects all stakeholder perceptions and attitudes, leading to a mini virtuous circle - success, to perceptions, to behaviors, to success. Business success also may feed back to affect various elements of the guiding managerial philosophy (e.g., now that we are excessively profitable, let's include philanthropy as a core value). Assessments of perceptions, attitudes, and behaviors of all stakeholders may affect the guiding managerial philosophy.

In an applied organization, the customer satisfaction researcher or research group could facilitate the construction of a fitting super model for the organization. They likely would assemble

Figure 6
Example of an Integrated Super Model



an appropriate team consisting of strong cross-functional representation, including the managers of the respective processes and metrics, to facilitate the construction of a model that makes sound conceptual sense to senior management and all process and metric owners.

Explore Super Model Linkages with Empirical Data

Certainly, quantitative methods in our discipline have become sophisticated enough to estimate complex causal models with recursive and non-recursive paths, using a variety of types of data (e.g., Bollen, 1989). It may be possible to estimate a super model using some of these methods. However, I am not proposing that as a default approach here. First, there is the likely hindrance of a "units of analysis" problem that could make the variety of metrics from a host of varied sources unmatchable at any single meaningful unit of analysis. Second, even if it was mechanically possible, the complexity of estimation and explanation could be roadblocks for all but the most sophisticated academicians. One key point of this paper is to attempt to influence how we view the place of customer satisfaction research in applied corporate settings, both in terms of measurement and action. So, I am proposing within the super model framework, guided by its specifications, to conduct targeted data explorations that together build an integrated, unified organizational picture from which strategic management and improvement efforts may proceed.

How exactly would an organization begin simultaneously to explore pathways and interconnections in the super model to discover a unified managerial "story" from the data? I propose seven useful methods by which to extract the necessary ingredients for an integrated interpretation. The tools are listed and labeled in Table 1. These methods can and should be used flexibly and in combination with one another. At least one of the seven approaches will be applicable for almost any organization. A very brief description of each approach closes Part II of this paper.

1. Qualitative Information Integration

There is a perfectly valid research tradition that relies entirely on qualitative analyses and interpretations. A company might have (or be able to get) qualitative information from a variety of stakeholder groups, to which these qualitative analysis approaches could be applied. Data could be the outputs of focus groups, in-depth interviews, round table discussions, or responses to open-ended questions from surveys. The typical approach is to analyze and report these data streams separately. Indeed the data sources most often are housed in different locations in an organization. But there is a missed opportunity here for qualitative information integration.

A research-oriented team can simultaneously extract themes from these multiple data sources that implicate clear interconnections. For example, employees might frequently complain about having overwhelming workloads, while customers might frequently complain about experiencing a lack of responsiveness. There is a strong case for a logical connection between these two findings.

2. Quantitative Information Integration

Again a company might use existing data. Perhaps a customer survey has been conducted each year for the past five years. Assume an employee survey has been done each year in the same general time periods. Trending survey items on the same graph can be quite revealing (i.e., dual time series). Organizational and market events (shocks to the system) can be marked at the appropriate places on the time line to take into account external factors that could be influencing the scores. Internal operational metrics and financials for these time periods also can be superimposed and considered simultaneously.

Likewise, the "best and worst" scores from multiple surveys of multiple stakeholders in each time period can be examined for logical conceptual connections. Even with a single data set for customers and employees, this high-low scoring approach within each data set can provide the basis for some excellent employee-customer insights. New hypotheses can be formed, and follow up investigations can take place.

3. Statistical Comparison

Now we move into more quantitative/ statistical methods, perhaps the simplest of which involves statistical comparisons of means and percents. Any time common items have been asked on multiple surveys (e.g., employee and customer), statistical comparisons can be made. In the simplest case, stakeholder groups are treated as independent samples. Tests of means and proportions are possible then, comparing the groups on the common items. If for example, employees rate the quality of products and services low, whereas customers rate the quality of products and services high, it could be revealing internal quality problems that are current, but have not yet surfaced in customers' experiences. If the reverse happened, with customers rating quality low, but employees rating it high, there could be image problems in the marketplace producing a negative "halo" on customer perceptions, all the while not being seen or experienced by employees.

4. Experimental Approaches

Sometimes, companies try test programs to improve their metrics. A variety of linked "field experiments" and "quasi experiments" are possible. Again let's use a simple employee-customer example. Say a company puts into place a new employee program for some of their operations, but not for others. Do employee *and* customer scores go up, but only in the test regions? If so, a clear linkage has been demonstrated. Note, in these analyses, time lags should be taken into account. Employee scores could go up rather immediately, with the effect ultimately showing up in customer experiences at a time lag of +1 or +2 periods. A variety of planned experiments and field experiments are possible involving multiple metrics and multiple stakeholder groups.

5. Aggregated Correlation

This may be the most commonly seen method in our field today for linking multiple data streams. Again consider the employee and customer case for a set of bank branches. Say each of 100 branches has certain employees, and certain customers. For each branch, we get an average employee score and an average customer score. Across the branches we end up with 100 pairs of scores. Now we can compute branch-level correlations (or conduct any multivariate analyses that can operate using correlations - e.g., multiple regression - given enough aggregated observations). We have aggregated to the branch-level, then computed correlations afterward. This particular case allows the researcher to correlate any employee survey variable with any customer survey variable. Our example used bank branches, but it is possible to aggregate based on any number of other factors (e.g., time, etc.).

While aggregation certainly solves the "common unit of analysis" problem, there are conditions under which aggregation is not justified. For example, if significant heterogeneity exists in the structure of any set of observations to be aggregated (e.g., latent groups exist), then the aggregated quantities neither capture nor represent those groups. It is a caution to be wary of any time such analyses are undertaken.

6. Matched Data

Sometimes it is possible to connect data sources on the basis of a common identifier. For example, any time a one-on-one customer transaction takes place, there is a single employee and a single customer involved. Customers can be asked to rate the transaction. Employee survey data also can be collected. By matching the two strings of data based on the common connection of the customer transaction situation, we have created paired data again. Paired data allow for a variety of quantitative correlational approaches. Across many employee-customer pairs, sufficient data will exist to conduct these quantitative analyses.

Similarly, a variety of internal metrics exist with respect to employees and customers. In the customer realm, this type of data is becoming increasingly available with the strong move in the field toward Customer Relationship Management (CRM) methods. Any time a common identifier exists in two data sets, the data can be merged, matching on the common field. Some examples would include customer survey data matched to customer demographic and spending data. Another would be customer-level financial data matched to customer survey data. If employees volunteer their names on employee surveys, their survey data can be linked to a variety of selection, productivity, development, or compensation indicators.

7. Unmatched Data

A company may have one data set with customer information, and another with employee information. New quantitative methodologies have been developed in recent years to connect two unmatched data sources like this (data fusion - e.g., Kamakura and Wedel 1997). The application of these approaches to the context of something like employee-customer linkage may be mechanically achievable under conditions where an appropriate set of matching variables exist (i.e., variables common across data sets, which correlate with the uncommon variables within each data set).

It is not clear whether there is a sound conceptual basis for trying to fuse data sources as disparate as customer and employee surveys. However it might be mechanically possible, and therefore is able at a minimum to be tested. Perhaps in the future other approaches to unmatched data also will exist.

Summary of Linkage Approaches

The best starting point in thinking about how to integrate and link multiple data sources is to have a reasonable conceptual / theoretical framework that helps to frame analysis and interpretation issues. Beyond that, there are ways to view data qualitatively and quantitatively that involve relatively little statistical sophistication. In addition, some data situations do allow for more advanced statistical approaches. In all cases, multiple metrics from multiple stakeholder groups and other organizational sources are being explored in the context of a super model, by a variety of means, so as to build a unified set of findings and potential improvement efforts for strategic management purposes.

Finally, extracting and constructing an integrated "story" from multiple data streams and multiple stakeholders leverages the researcher or research team as the most critical analysis tool. Investigators themselves become the value-added integrators. Certainly the formulation of a super model and the use of analysis tools provide a basis for that integrated organizational picture. But ultimately it is the conceptual power of the researchers and interpreters that serves to organize, synthesize, and breathe life into any interpretation of the findings and any recommendations for management decisions and actions.

PART III. BRIEF EXAMPLES FROM TWO CASE STUDIES

Example Case 1 - Manufacturing

An international manufacturing client of Walker Information conducted multiple waves of customer and employee surveys. The plan was to do an initial wave of measurement for learning purposes, implement some strategic change initiatives based on the first round of data, then re-measure to look for the effects of the change efforts. An after-the-fact synthesis of the data, using linkage tools described earlier, produced valuable insights about employee, customer, and financial associations in the data.

Based on the initial round of employee interviews, an advisory group was formed to address some organizational shortcomings that were uncovered. Two key programs resulted. First, a system was put into place whereby any employee could ask a question about any aspect of the organization, and an answer would be given directly from senior management. Second, a particular procedural hurdle regarding ordering of supplies was removed, thereby allowing employees to get certain needed resources without prior approval, thus circumventing previously experienced delays.

Across a one year time period, a number of employee survey measures showed large gains, on the order of 15 to 20 point increases in the percent of employees giving favorable ratings. A sampling of those items is as follows:

Company has a process by which employees can offer feedback/ideas
Employee ideas are put into practice by Company
Information about the organization is communicated well to employees

With a probable causal implication to those improvements, significant gains were also observed on the following:

Overall, I feel that Company treats its employees fairly
Company shows genuine care and concern for its employees
Commitment to the organization
Work motivation

The same type of approach followed the first set of customer results. An area for improvement dealt with delivery problems that customers were having. An initiative was undertaken to keep certain inventories in stock, and to notify customers of any delivery delays. In addition, variable employee compensation was tied to on-time delivery.

Across the same one year time period previously described for employees, a number of customer survey measures showed large gains, on the order of 15 to 25 point increases in the percent of customers giving favorable ratings. A sampling of those items is as follows:

Needed product available
Communicating order status
Delivering on time
Notifying you of delays
Delivers complete order

With a probable causal implication to those improvements, significant gains were also observed on the following:

Quality products and customer service
Company Reputation
Easy to do business with

Finally, for the subset of companies providing their company name on the first mail survey, subsequent financial information was matched and tied back to the survey responses. It was found that maintenance or growth in sales (i.e., time 2 sales minus time 1 sales greater than or equal to zero) was significantly related to customer survey measures, including the intent to continue doing business with the company, and overall ratings of the reputation of the company.

In total then, an interconnected system appears to be in place where simultaneous customer and employee measurements led to certain targeted improvement actions that ultimately related to sales. Addressing employee workplace issues led to more favorable perceptions of the company and increased employee commitment. That led to increased motivation. Higher employee motivation, combined with initiatives to address customer issues, led to customers having more favorable views of the quality of work and service they were receiving. Increased performance in customer experiences led to increases in high-level customer attitudes about product and service quality and the quality of the organization. High-level customer attitudes and intentions were then shown to relate to desirable sales activity.

Example Case 2 - Professional Services

A professional services firm had several research efforts underway, all being executed essentially as separate disconnected activities. Research topics included corporate reputation measurements among prospective customers, studying the winning or losing of new business proposals, customer satisfaction with existing customers, and employee commitment research. In addition, data existed on a number of internal process and quality metrics, internal tracking of lost and retained accounts, and financial information about revenue from each account across time.

Analysis of the prospect reputation data showed that the likelihood to come to the firm for the particular professional service was related to how favorably the company and its reputation were viewed. These in turn related to perceptions of communications and familiarity with the firm's offerings.

Now understanding something more about how the company earned a chance to submit a proposal, the won/lost proposal data were explored. Based on comparisons of the perceptions of those prospects with whom business was won, and those prospects with whom business was lost, three primary factors were implicated: favorable perceptions of the initial contact people, feeling like the prospect's needs were fully understood, and having the right pricing.

Upon winning the business, the prospect then becomes a customer and goes through the customer experience. What learnings came from the surveys of existing customers? Not surprisingly, perceptions of the quality of the account team, the quality of the offering, and the quality of the execution of the offering were three factors identified in multivariate modeling as key drivers of customer behavioral intentions (e.g., likelihood to continue to do business with the firm).

Next, high-level intention ratings from the customer survey were linked to records of actual subsequent customer behavior. Only those customers rating quality and value highly showed significant revenue growth. Further, customers actual retention was strongly related to their previous stated intentions to continue.

By aggregating and correlating employee measures and customer measures, it was found that employees understanding of their jobs, and feelings that they were getting the resources they need to do those jobs, both related to customer perceptions of the quality and customer focus they receive from the company.

Finally, observed increases on internal indicators of quality, process management, and customer focus all tracked a parallel upward course with customer survey measures of quality and value.

Integrating these findings produced the following synthesized view. Communications can affect reputation-related impressions of prospects. This affects the likelihood to get a chance to bid on business. Given that opportunity, the company must make an impression of quality people, quality products, and a strong customer orientation for understanding client needs, if they hope to win the business. Once the business is in hand, operational, employee, and product elements influence the customer experience. Customer experiences are linked to financials via retention and account growth. Finally, internal quality metrics do appear to be aligned with customer ratings, providing an early detection monitoring system for actual customer perceptions.

Joint examination and analyses of these diverse data streams led to a unified set of recommendations to senior management. These included:

Craft communications to maximize familiarity and leverage reputation.
Understand and propose precisely to the heart of the client needs.
Increase perceptions of quality of people

by "team selling."
Make sure individual job responsibilities are clearly understood.
Make sure associates have necessary resources.
Provide customers with "excellent" people, product, and process experiences.
Closely monitor externally-aligned internal quality metrics.

The effort to co-analyze and integrate research for this case involved all the diverse variety of different measures described previously. Because one of the client objectives was to move toward a more integrated strategic understanding of all their research streams simultaneously, the effort helped them to think about a full chain of effects from "prospects to profits."

CONCLUSION

The entire premise of this paper has been to point out a potential pitfall in our thinking, and to begin to propose some workable remedies. The pitfall is that customer satisfaction researchers, particularly applied researchers in organizations, may be missing the broad strategic management forest for the customer satisfaction tree. While the field of customer satisfaction certainly has evolved to encompass a more sophisticated set of constructs deserving of research attention, customer satisfaction metrics are still only one element within a broader set of organizational measures that critically indicate key elements of business success.

It is from that viewpoint that I proposed some starting remedies. Customer satisfaction needs to be put in its place as a necessary but not sufficient measurement and management perspective, being explicitly considered in the context of a larger, broader, more strategic organizational framework. Multiple stakeholder groups, stakeholder measures, and other organizational metrics occupy that larger conceptual space. We must begin to think "big picture," specifying how the diverse pieces of the organizational system operate together. We also need terminology and methodologies to analyze, interpret, and integrate linked organizational information.

Customer satisfaction measures should be just one gage on an inter-linked "control panel" of strategic organizational metrics, the interconnections of which have been conceptualized, empirically explored, and interpreted as a unified whole to steer the course of the entire organization toward integrated strategic goals. The ultimate end of having these factors in place is to allow for organizational strategic planning and actions that are system-wide, leveraging learnings simultaneously, and allowing for better management, improvement, and resource allocation decisions.

REFERENCES

Allen, N. A. and D. B. Grisaffe (in press), "Employee Commitment to the Organization and Customer Reactions: Mapping the Linkages," *Human Resource Management Review.*

Anderson, E. W. and M. W. Sullivan (1993), "The Antecedents and Consequences of Customer Satisfaction for Firms," *Marketing Science, 12* (Spring), 125-143.

Atkinson, A. A., J. H. Waterhouse and R. B. Wells (1997), "A Stakeholder Approach to Strategic Performance Management," *Sloan Management Review, 38* (Spring), 25-37.

Bollen, K. A. (1989), *Structural Equations with Latent Variables,* New York: Wiley.

Bolton, R. N. and J. H. Drew (1991), "A Multistage Model of Customers' Assessments of Service Quality and Value," *Journal of Consumer Research, 17,* 375-384.

Churchill, G. A. and C. Surprenant (1982), "An Investigation into the Determinants of Customer Satisfaction," *Journal of Marketing Research, 19,* 491-504.

Dick, A. S. and K. Basu (1994), "Customer Loyalty: Toward an Integrated Conceptual Framework," *Journal of the Academy of Marketing Science, 22,* 99-113.

Gale, B. T. (1994), *Managing Customer Value: Creating Quality and Service that Customers Can See,* New York: The Free Press.

Griffin, A., G. Gleason, R. Preiss and D. Shevenaugh (1995), "Best Practice for Customer Satisfaction in Manufacturing Firms," *Sloan Management Review,* 36, (Winter), 87-98.

Grisaffe, D. (1999), "Ultimately, CS just a Spoke in the Business Strategy Wheel," *Marketing News*, May 10, 20.

Heskett, J. L., W. E. Sasser and L. A. Schlesinger (1997), *The Service Profit Chain*, New York: The Free Press.

Iacobucci, D., A. L. Ostrom, B. M. Braig and A. Bezjian-Avery (1996), "A Canonical Model of Consumer Evaluations and Theoretical Bases of Expectations," *Advances in Services Marketing and Management, 5*, 1-44.

Jones, T. O. and W. E. Sasser (1995), "Why Satisfied Customers Defect," *Harvard Business Review, 73*, (November-December), 88-99.

Kamakura, W. A. and M. Wedel (1997), "Statistical Data Fusion for Cross-Tabulation," *Journal of Marketing Research, 34*, 485-498.

Kaplan, R. S. and D. P. Norton (1996), *The Balanced Scorecard: Translating Strategy into Action*, Boston, MA: Harvard Business School Press.

Oliver, R. L. (1980), "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions," *Journal of Marketing Research, 17*, 460-469.

Oliver, R. L. (1999), "Whence Consumer Loyalty?" *Journal of Marketing, 49* (Special Issue), 33-44.

Parasuraman, A., L. Berry and V. Zeithaml (1985), "A Conceptual Model of Service Quality and Its Implications for Future Research," *Journal of Marketing, 49*, 41-50.

Reichheld, F. F. (1996a), "Learning from Customer Defections," *Harvard Business Review, 74*, (March-April), 56-69.

Reichheld, F. F. (1996b), *The Loyalty Effect: The Hidden Force Behind Growth, Profits and Lasting Value*, Boston, MA: Harvard Business School Press.

Rucci, A. J., S. P. Kirn and R. T. Quinn (1998), "The Employee-Customer Profit Chain at Sears," *Harvard Business Review, 76*, (January-February), 83-97.

Spreng, R. A., A. L. Dixon and R. W. Olshavsky (1993), "The Impact of Perceived Value on Consumer Satisfaction," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior, 6*, 50-55.

Svendsen, A. (1998), *The Stakeholder Strategy: Profiting from Collaborative Business Relationships*, San Francisco, CA: Berrett-Koehler Publishers.

Vavra, T. G. (1997), *Improving Your Measurement of Customer Satisfaction: A Guide to Creating, Conducting, Analyzing and Reporting Customer Satisfaction Measurement Programs*, Milwaukee, WI: ASQC Quality Press.

Zeithaml, V. A. (1998), "Consumer Perceptions of Price, Quality and Value: A Means-End Model and Synthesis of Evidence," *Journal of Marketing, 52*, 2-22.

Send correspondence regarding this article to:
Doug Grisaffe
Vice President, Chief Research Methodologist
Walker Information
1026 Simmons Lane
Franklin, TN 37069 USA

TOWARDS A MANAGERIAL RESEARCH AGENDA FOR CUSTOMER SATISFACTION

Robert A. Westbrook, Rice University

ABSTRACT

Extant customer satisfaction research has typically focused on studying the processes through which consumers arrive at judgements of satisfaction with products and services, as well as on the measurement of satisfaction. Practicing managers, however, face a number of important questions about CS/D that have not received attention in the literature. It is argued in this paper that the CS/D research agenda should be extended to include these managerial issues. The employee-satisfaction-profit chain at Sears is used to illustrate the managerial research focus for CS/D research. A conceptual framework that positions customer satisfaction clearly within the theory of the firm is also presented.

A casual review of the CS/D literature will indicate that the topics of published papers generally reflect one or more of the following focal points of study:

- How good are our CS/D measures?
- How do consumers determine their extent of satisfaction vs. dissatisfaction?
- What standards do consumers use in evaluating CS/D?
- What do consumers do when satisfied and when dissatisfied?
- What determines whether consumers complain?

In parallel to the choice of topics, it is striking that we customer satisfaction researchers have adopted typical methods of inquiry that may ultimately serve to reinforce this topical focus. First, we have concentrated on consumers as subjects of study, particularly college students, as opposed to business or organizational customers, presumably because the former are much more readily accessible to researchers. Second, we have generally relied upon rather simple data collection procedures in gathering information for our research endeavors, such as cross-sectional sample surveys and lab experiments, in part because subjects are easily acquired. Third, we have typically been limited in our exploration of consumer satisfaction by extant concepts and measures with which we are already familiar; seldom have we developed or imported from other fields new concepts and measures with which to deepen our exploration of the phenomenon of customer satisfaction. Fourth, the abundance of theory, principally from psychology, has resulted in too much hypothesis testing research, when our understanding of satisfaction might well be better served by more discovery-oriented research. Fifth, our inquiries have been largely limited to straightforward methods of analysis such as linear regression models and ANOVA, rather than the more complex analytical tools needed for probing more complex relationships in customer satisfaction. Finally, our research has been naturally focused in areas in which publication prospects appear the brightest, namely those areas in which there exists a precedent on which to build, rather than in new areas where little is known.

As a different perspective on the research we academics typically conduct on customer satisfaction, it is helpful to consider the questions that practitioners and managers commonly have about customer satisfaction. I am basing my assessment of their questions on my experiences speaking to managers and working with them on applied CS/D problems in industry over the past 10 years. The major questions that recur in my experiences include the following:

- How much should we spend on measuring and improving customer satisfaction?
- Is measurement of satisfaction really

necessary in the first place? Can satisfaction be improved without having to measure and re-measure?

- What external actions should we take to better satisfy our customers? What internal actions are required to bring about the external ones?
- What does it cost to raise customer satisfaction?
- By how much do we need to improve our customers' satisfaction? Can we overspend and overachieve when it comes to improving our satisfaction level? What happens if we underspend and underachieve?
- How does increased satisfaction impact our bottom line? Our competitive position?

It is sobering to ask ourselves why the preceding issues are not commonly studied in CS/D inquiries. I believe there are several reasons, complementary to those listed above for why we study what we typically study. For one, researching the managerial questions above requires access to people and information in organizations that is not easy to obtain for academics. Further, the data collection required to answer many of these questions is complex and slow to unfold. It requires cross-functional expertise, i.e. knowledge of organizational behavior, operations, management accounting, strategy, etc. in addition to marketing and customer satisfaction. In contrast to investigations of the satisfaction topics on which we spend most of our time and journal pages, in exploring the areas above there is precious little theory for guidance. Analysis also requires more complex methodologies, since the questions above often require relating concepts that exist at different levels of aggregation. Finally, I think it safe to say that the questions above, however interesting, face somewhat less certain publication prospects, particularly if new methods and concepts have been developed for use in the research.

Reflecting on the differences between what we typically study in CS/D research and what one of our key constituencies – practicing or aspiring managers – typically needs to know, it seems to me that a "great divide" characterizes our respective positions. For instance, while companies need guidance on the satisfaction budget appropriation, we spend our time examining how to measure CS/D or how to evaluate the measures of CS/D. While companies need to know what role measurement plays in the process of managing their customer satisfaction, we academics tend to assume the question and instead seek to understand how satisfaction judgments are made. Where companies need to know what the competitive implications and requirements are for achieving certain levels of customer satisfaction, we are typically studying the mental comparison standards used by consumers in gauging their satisfaction. Where companies need to know what areas of their offerings and operations to improve in order to raise customer satisfaction levels, we study the relationships between satisfaction and subsequent customer behavior. And, while companies need to be able to appraise the market and economic impact of their satisfaction initiatives and investments, we study customer complaint behavior.

This is not to say that the knowledge that we have accumulated about CS/D has little value or application. Quite the contrary; our literature has for years had useful ideas and perspectives for practicing managers. What I am saying, however, is that the time has come for CS/D researchers to overcome the "great divide" and begin studying the managerial questions that also comprise the subject of customer satisfaction.

One can certainly consider the differences termed here "the great divide" and ask, "so what?" In other words, do we really care about the issues raised in applying our CS/D knowledge to practice? I think the answer is a resounding "yes." First of all, attention to the managerial questions has the potential to illuminate our efforts to develop better CS/D theory at the consumer level. Further, it would likely lead to the development of new theory at both macro and micro organizational levels, something we are sorely missing at the present time. It would produce far better grounding of our research in real world issues and problems. Third, it would necessitate closer ties to the business community and help to bring these about, to the advantage of the academy. Finally, I believe it is a matter of our responsibility as scholars of management to understand these application-driven issues, in conjunction with our theories to explain these phenomena.

What should we do about overcoming "the great divide," assuming that we are in agreement that the managerial questions are interesting, relevant and appropriate topics of study? A philosophical approach would suggest four possible courses of action. First, we could simply ignore the managerial research questions posed here and continue with our exclusively academic research agenda as in the past. Second, we could abandon the predominantly consumer-level research questions we have been studying and switch over completely to managerial research questions. Third, we might retreat from the challenge and find another research stream that does not pose these existential questions. And fourth we could embrace both customer and managerial research questions as complementary parts of our research programs in customer satisfaction.

Although others may disagree, I am proposing we adopt a more balanced research agenda in CS/D by adding the following managerial topics:

- Why and how organizations pursue the delivery of customer satisfaction
- The behavior of managers and employees in relation to customer satisfaction or dissatisfaction
- The cost and efficacy of functional business strategies and tactics in producing customer satisfaction
- The market, competitive, and financial consequences of increased / decreased customer satisfaction

To pursue these questions, we customer satisfaction researchers will need to expand our backgrounds and skills. The following perspectives and skills would appear to be most needed if we are to begin addressing the managerial CS/D agenda. First is a better awareness of theory and findings in the literatures of organizational psychology and sociology. A second and related set of skills pertains to expertise in organizational research methods, particularly case-study research. Third, familiarity with management accounting is needed as we attempt to incorporate considerations of customer lifetime value and how it is affected by firm actions taken to increase satisfaction. Fourth, a deeper understanding of corporate strategy would enable CS/D scholars to relate customer satisfaction to the firm's competitive strategy possibilities. Fifth, familiarity with the literature of operations management would be extremely helpful as we investigate what and how organizations actually change as they attempt to improve the satisfaction they deliver to customers.

As might be expected with such an expansive change in focus advocated here, our likely research methods will need to include the methods of these additional fields of study. Chief among these are in-depth case studies, cross-sectional surveys of firms, longitudinal surveys of customers within firms and of firms over time, and field experiments.

THE SEARS STORY

As an illustration of the shift in perspective I am advocating, it is instructive to consider the case of Sears Roebuck & Company, the large retailer. In 1992 Sears lost almost $4 billion, but five years later it was able to report a profit of $1.5 billion. While there are many possible explanations for the turnaround, Sears executives believed that it was largely attributable to a change in the culture of their organization. Management believed that there was a gap between strategy and day-to-day operations that left employees uncertain about how to behave. Sears developed a model of the process that linked employee actions, customer satisfaction, and profitability, and examined how direct and specific effects of improvements in employee actions would improve customer satisfaction, and, ultimately, profitability. After initial design, data collection, statistical analysis, and a modification of the original model that had been proposed, Sears management was able to conclude how these key variables were causally linked. Specifically, "a 5 point improvement in employee attitudes will drive a 1.3 point improvement in customer satisfaction, which in turn will drive a 0.5% improvement in revenue growth" (Rucci, Kirn and Quinn 1998).

The Sears model was based on the company objectives developed to transform the company. The objective was for Sears to be "a compelling place to work, to shop and to invest". The initial model included objectives and measures. Total Performance Indicators (TPI) were developed to test and refine the model, and assumptions about causal linkages between employee attitude, customer satisfaction, and profitability were refined. As a result of this process, a new model emerged, was tested, and became operational across the entire organization (see Figure 1).

Sears management believed that the revised model indicated measurable causal linkages in the relationship between the actions of employees and customer satisfaction that resulted in increased profit. They sought detailed information from individual customers regarding their "shopping experiences," including evidence of measured customer satisfaction and retention, which they believed directly affected profitability. Employee attitudes were reinforced as personnel saw how their actions with customers mattered to the company. They were able to see a relationship between having improved attitudes towards the company, the purchase behavior of their customers, and the overall improved profitability of the company.

The profitability of Sears increased as management accomplished the following over the five-year period of study and change:

- Trained their work force to understand the business,
- Held town-hall meetings to explain competitive reality to employees,
- Built commitment to a new vision "To become a compelling place to work, shop, and invest,"
- Created a measurement and reward system to support vision, and
- Substantially improved customer satisfaction and net margins (3.3% vs. 1.2% previously).

CUSTOMER SATISFACTION AND THE THEORY OF THE FIRM

To illustrate the possibilities of a greater managerial focus in CS/D research, I describe an emerging framework that seeks to better position customer satisfaction within the theory of the firm (Epstein & Westbrook, forthcoming). The framework is termed the Action-Profit-Linkage (APL) Model. It seeks broadly to provide a framework for identifying and measuring the key drivers of business success and profit, developing the causal linkages among them, and estimating the impact of managerial actions designed to bring them about. Although we intend the model to help managers make better decisions leading to superior profit consequences, it is also intended to encourage more integrative study by academics of the factors that drive business success. It is of interest in the present context as an emerging theory of the role of customer satisfaction in the firm. In other words, the model suggests the linkages between customer satisfaction and its antecedents and consequences within the firm.

The APL model is shown schematically in Figure 2. It appears in generic form in the Figure, and is intended to be customized to particular industry and business contexts by substituting the actual performance metrics used by a particular firm for the more general variables described here.

Overview

As shown in the Figure, the APL model consists of four main groups of variables: Firm

Figure 1
The Sears Model
The Employee-Customer-Profit Chain

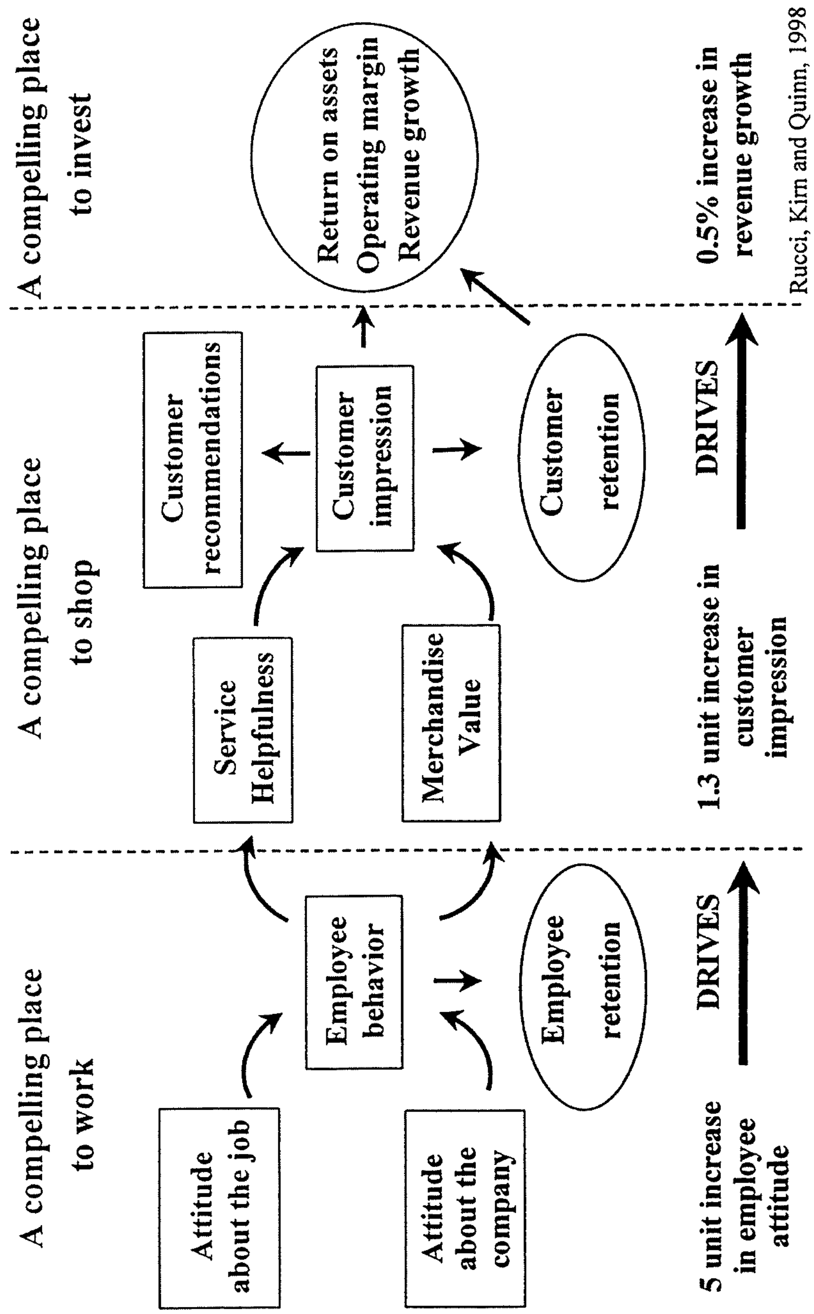
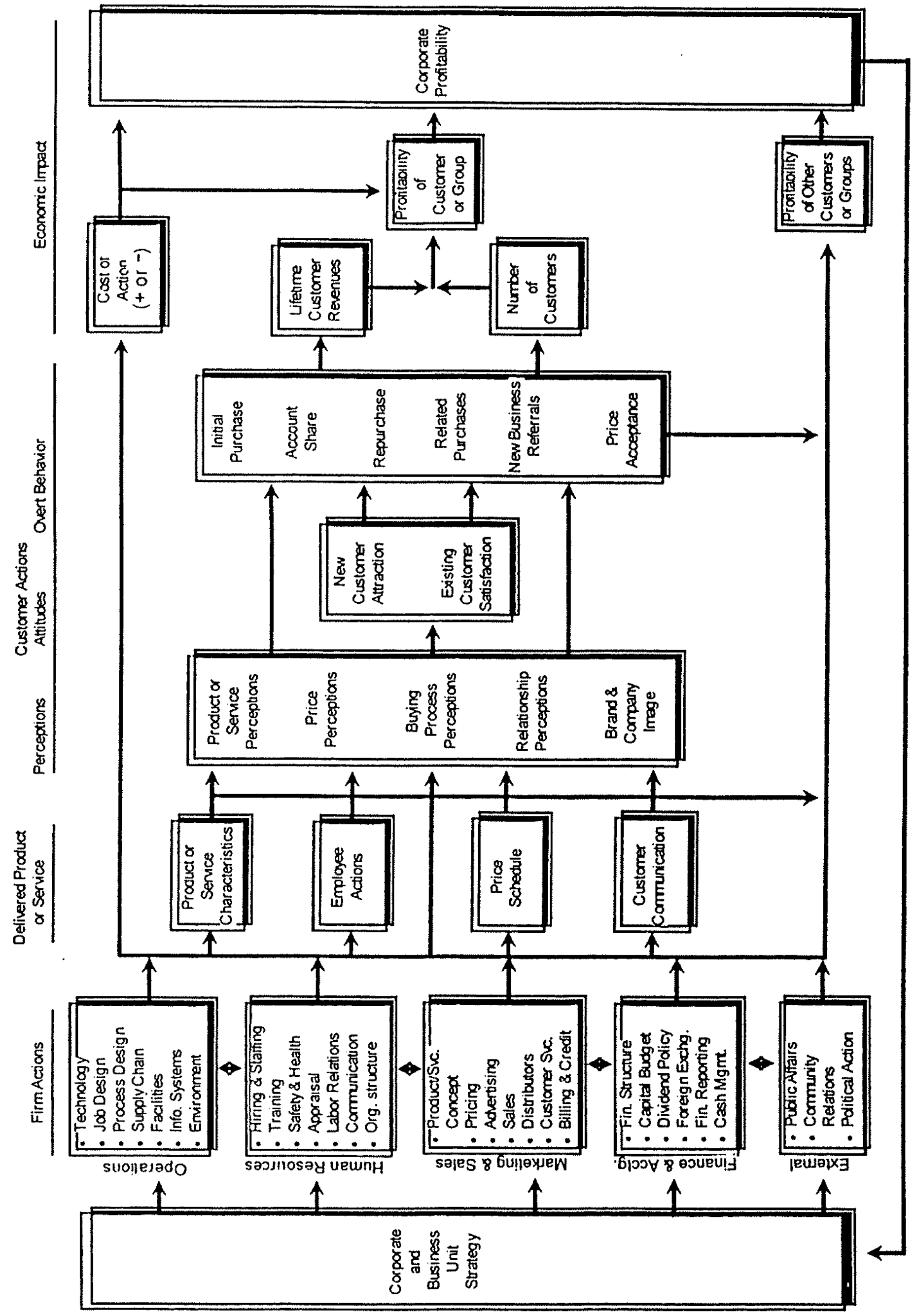


Figure 2
Action-Profit Link Model



Actions, Delivered Product/Service, Customer Actions and Economic Impact. The model proposes that these four groups of variables are connected through an identifiable set of causal linkages, shown in the figure as arrows, that involve numerous specific and intervening variables. The intent is to allow the profitability of any firm action to be evaluated by examining the causal linkages between the action, intervening variables, and the resulting changes to the customer revenue stream, after allowing for the costs of the action. Customer satisfaction and its counterpart for prospective customers, customer attraction, are critical intervening variables in the framework.

Model Structure

The model begins with the portfolio of actions that firms choose to or choose not to perform, i.e. corporate strategy (Porter 1996). Firm Actions are simply the decisions or choices made by management that alter the activities of the firm. They are grouped into six broad domains corresponding to the firm's functional areas: operations, human resources, marketing, finance & accounting, information technology and external relations. Within each of these domains there is, in turn, a wide range of potential activity, as indicated in the Figure, each of which comprises many specific possible actions. For example, the sales area in marketing might include actions such as sales force size, structure, sales messages delivered, call frequency, etc. Each action undertaken by the firm will have an impact either on the firm's product/service offering ("Delivered Product or Service"), on the costs of the firm, or on both.

The Delivered Product/Service is the sum total of what the business actually offers to and provides to customers for purchase. Beyond the product or service itself, as defined by its various attributes, it also comprises brand and/or vendor name, physical facilities, and equipment for serving customers, for actions of customer-contact employees, and for other communications to customers, and price.

As shown in Figure 2, the variables within Delivered Product/Service may trigger several key forms of customer action in response. Most immediate is an impact upon Customer Perceptions, which are customers' beliefs about the delivered product/service, which play a vital role linking firm actions to profit consequences. They are based on direct experience with the product and/or the firm's communications, and are grouped into five categories, as shown in the box on the Figure.

In turn, the variables within Customer Perceptions drive Customer Attitudes, i.e. they dispose customers to feel either inclined or disinclined to buy the product. Attitudes take two different forms depending on whether they are held by the existing customers of the firm or by prospective customers who have yet to make a purchase. Both groups of customers are involved in the generation of revenue, but in different manners. Existing customers making another purchase comprise the bulk of most firms' sales. Prospective customers represent the pool of future buyers, some of whom will make an initial purchase following their receipt of targeted communications, successful sales calls, acceptable pricing, etc. For existing customers of the firm, Attitude takes the form of Customer Satisfaction. For prospective customers who have yet to make a purchase, Attitude would simply be Customer Attraction to the offering. The Customer Satisfaction and Customer Attraction variables are essential for establishing causal linkages between actions and profits.

As attitudinal variables, both Customer Satisfaction and Customer Attraction, in turn, drive the purchasing responses of existing and prospective customers, respectively, which we label collectively as Overt Customer Behavior. A variety of different forms of Overt Behavior are possible, e.g. whether a (re)purchase is made, (re)purchase frequency, etc., some of which will be apply to existing customers, while others apply to prospective customers.

The variables comprising Economic Impact bring together the revenue effects of Overt Customer Behavior with the expenditure effects of Costs of Firm Actions to obtain a resulting profit contribution. Certain forms of Overt Customer Behavior determine the total Number of Customers the firm will receive, while others determine the Annual Revenues generated by each customer. Number of Customers multiplied by Average Customer Revenues yields the total revenues generated by all customers.

The costs of Firm Action are either directly attributable to individual customers, e.g. improving the seat width and pitch on an airline, or indirect and therefore not attributable to individual customers, e.g. issuing common stock. As shown in the Figure, after deducting each type of cost, the profitability of each customer group is obtained. Finally, all customer group profitability results are combined into Overall Corporate Profitability. For firms with few customers and or customer groups (i.e. segments), individual customers are instead the focus of analysis.

The model also allows for 'network effects,' which occur when a particular Firm Action intended for a specific customer group also causes a change in the profitability of a different customer group. For example, the launch of the Palm Pilot personal digital assistant to its business customers also reaches its consumer customers and contributes to their purchasing the consumer version of the product. 3Com's total profitability is thus a function of the intended effect of its business-to-business advertising, as well as its unintended effect on consumers. Network effects are often created by such "action leakage" across customer segments.

Model Linkages

The linkages in the APL model are intended to be established by analyzing the relationships between specific metrics that the firm chooses to represent the components of the model. The general model in Figure 2 is to be customized to individual firms so that existing metrics may be used or new ones devised as needed to complete the linkages. Although the linkages in Figure 2 are shown only between broad model components rather than between specific variables, the latter are the proper focus in APL modeling. For example, the arrow from "Product Characteristics" to "Customer Perceptions" might be operationalized by an automobile manufacturer as establishing a relationship between assembly quality, measured by defects per 100 cars from the J. D. Power study, to customer perception, measured as ratings of vehicle reliability from syndicated research studies.

Although Figure 2 shows adjacent groups of variables linked together in simple, direct chains, the causal linkages between individual variables in the APL model need not be limited in this manner. Instead, any of the variables in the model may be linked to any others, as observed from empirical research.

In establishing linkages, it is essential to consider the time required for the effects of firm actions on customer actions and, from thence, to profitability, to materialize. Many firm actions may be expected to have immediate consequences for customer action and thereby relatively short-term effects on revenues. Others, in contrast, may require extended times to yield an effect, with resulting delays in the generation of revenue.

Application

The APL model described above is intended to provide scholars and managers with a simple yet integrative conceptual framework for examining the drivers of business success. Use of the model focuses on the relationships among the various performance metrics of the business, with customer satisfaction at the center of the model. Customer satisfaction is the linchpin that allows integration of the actions of the firm to their ultimate economic consequences for the firm.

One important result of applying the model is that management attention will shift from a current preoccupation with individual performance metrics within the firm to an awareness of how the metrics work together as a system leading to increased corporate profitability. Also, the model takes a broader and more integrative perspective than available in any of the management disciplines of human resources, operations, marketing or finance. As a consequence, the model encourages managers to conceive their actions not only in terms of local consequences but also of overall corporate profitability. It thus fosters an investment-based approach to managing the tradeoffs in decision making by directing managers to evaluate the financial returns on their actions.

CONCLUSION

The extensions I propose in our collective CS/D research agenda are not offered lightly, since changes of this magnitude are never accomplished easily. The extent of redirection is substantial and will involve considerable personal 're-tooling' in order to be successful in producing new knowledge. However, there is little question that our understanding of customer satisfaction will be richly rewarded for the effort.

I can offer that my own personal experiences working with several large organizations to measure and manage their levels of customer satisfaction over the past decade have provided me an invaluable perspective on the utility of our extant theories and the need for greater study of the application of customer satisfaction within the firm. Although I continue to have an active consumer research agenda in CS/D, my scholarly interests have become much more eclectic, applied and cross-functional. I find I can no longer ignore the question of how our knowledge can be used for the management of organizations. On a personal level, my journey of discovery has been as enlightening and enjoyable as graduate school.

REFERENCES

Epstein, Marc J. and Robert A. Westbrook (forthcoming), "Improving Corporate Profitability through Action-Profit Linkage Analysis, *Sloan Management Review*.

Kaplan, Robert D. and David P. Norton (1996). *The Balanced Scorecard*. Boston, MA. Harvard Business School Press.

Porter, Michael E. (1996), "What is strategy?" *Harvard Business Review* (Nov-Dec): 61-78.

Rucci, Anthony. J., S. P. Kirn, and R. Quinn (1998), "The Employee-Customer-Profit Chain at Sears," *Harvard Business Review* (Jan-Feb): 83-97.

Send correspondence regarding this article to:
Robert A. Westbrook
Jones Graduate School of Business
Rice University
P.O. Box 1892
Houston, Texas 77251 USA

NEGATIVE VERSUS POSITIVE WORD-OF-MOUTH: AN EXCEPTION TO THE RULE

Gillian Naylor, University of Nevada Las Vegas
Susan Bardi Kleiser, University of Texas at Arlington

ABSTRACT

This research examines what drives the amount (number of people told about experience) and extremity (negative versus positive) of WOM by a consumer. Utilizing longitudinal data collected from an upscale health and fitness resort we develop two models. The first model examines factors that influence whether consumers engage in negative WOM. The results challenge conventional thinking about the relative frequency of negative and positive WOM. Our second model examines potential drivers of differences in WOM dissemination.

Within our context we discover that, despite conventional thought, more individuals engaged in positive than negative WOM. Also, we find that individuals who engaged in relatively more extreme negative WOM talked to less people than those who made less extreme negative comments. We find that prestige/social approval characteristics are driving differences in the amount of WOM.

INTRODUCTION

Pick up any consumer behavior textbook and you will find the report of a study that suggests that people who engage in negative word-of-mouth talk to more people than those who engage in positive word-of-mouth. Hanna and Wozniak (2001), for example, report studies (e.g., Silverman 1997) in which less satisfied people engaged in negative communication to approximately 11 people, whereas the completely satisfied people told just 3 people. Likewise, the popular press abounds with studies that find similar patterns (e.g., Schlossberg 1991; Sokolosky 2000).

Word-of-mouth (WOM) communication is important to study because it has been shown across many contexts to influence choice and purchase decisions (e.g. Richins 1983; Brown and Reingen 1987; Herr, Kardes and Kim 1991). Numerous studies have examined the link between satisfaction and negative and positive WOM (e.g. Westbrook 1987; Swan and Oliver 1989; Anderson 1998), but whether negative word-of-mouth is always conveyed to more people, or under what conditions it prevails, has not been examined. In this study, we examine whether individuals who engage in negative WOM talk to more people than individuals who engage in positive WOM. We also look at the factors (satisfaction, the number of people to whom WOM is conveyed, satisfaction with how complaint was handled, and prior experience with the product) that influence whether consumers engage in negative and/or positive word-of-mouth. We then examine predictors (extremity of WOM, personality characteristics and prior experience) of an individual's amount of WOM.

The purpose of this research is to better our understanding of what drives the amount and extremity of WOM by a customer. Utilizing data collected from an upscale health and fitness resort and spa, we develop two models. The first model examines factors that influence the likelihood of engaging in negative WOM and offers a challenge to conventional thinking on the power of negative WOM. Our second model goes beyond this challenge to examine the factors that drive differences in WOM dissemination.

RESEARCH CONTEXT

The study utilized guests from a world renowned, full-service, destination health and fitness resort and spa in the Southwest. The resort is all-inclusive. It is unusual for the guest to incur any expenses outside of the resort; guests rarely leave the premises with the exception of an occasional tour provided by the resort. Guests attend the resort for a large variety of reasons ranging from fun, rest, or relaxation to more health related reasons such as stress reduction, improved fitness or diet, smoke cessation, or injury recovery. The resort's promotions emphasize that even if a guest's motivation for a visit is to meet a life enhancement goal (lose weight, quit smoking, etc.) it can be accomplished in an environment that provides pampering, relaxation, and fun. The resort offers a wide range of services including medical evaluations and preventive health services, behavioral and self-management counseling, nutrition education, spiritual growth, movement therapy, exercise physiology, massage and body therapies along with skin care and beauty services. To promote healthful living, meals at the resort are low fat and no alcohol or soda is served. Healthful living is encouraged in an environment that also can provide luxury. Accommodations at the resort range from a standard room containing a bedroom and bathroom to luxurious fully self-contained haciendas. The overall ambiance reflects the resort's emphasis on fitness for the mind, body and spirit.

The resort represents an ideal context for a WOM study for several reasons. The resort experience is expensive, infrequently enjoyed (e.g., a "heavy user" may go to the resort once a year) and highly visible to friends and family. Furthermore, a vacation at the resort shows the guest's expressive value and reflects their personal taste. These characteristics reflect a product or service under which WOM is more likely to occur (Hanna and Wozniak 2001, p. 463). In this field study, every guest spoke to at least two people, with a typical guest speaking to 21 people after their vacation.

CONCEPTUAL BACKGROUND

Word-Of-Mouth

WOM refers to informal communications directed at other consumers about the usage of particular products or services concerning evaluations of goods and services (Westbrook 1987). WOM is very important to marketers because it can be a major potential source of future business (Brown and Reingen, 1987; Silverman 1997). On the other end of the scale, WOM is also important because it presents a major threat if negative WOM is spread (Hunt, Hunt and Hunt 1988).

Spread of WOM

There are numerous factors that influence whether individuals engage in WOM activity. Satisfaction is a factor that has been studied extensively because it plays a large part in the spread (amount) of WOM. Satisfied customers likely engage in positive WOM, whereas dissatisfied customers are motivated to spread negative WOM. With the understanding that dissatisfied customers are likely to engage in more WOM than are satisfied customers, marketers engage in many tactics - such as handling customer complaints -- to help reduce this dissatisfaction.

Conventional wisdom suggests that consumers who are dissatisfied with an experience will talk to more people than consumers who are satisfied (e.g., Hanna and Wozniak 2001; Silverman 1997). Academic research on the relationship between satisfaction and WOM has found conflicting results. For example, contrary to conventional thought, research conducted on satisfaction and word-of-mouth activity has found a positive linear relationship i.e., as satisfaction increased word-of-mouth activity increased (Holmes and Lett 1977; Swan and Oliver 1989). In contrast, Anderson (1998) found the relationship between word-of-mouth activity and satisfaction follows a U-shape. Highly dissatisfied and highly satisfied customers tend to engage in the most word-of-mouth activity with extremely dissatisfied customers engaging in slightly more word-of-mouth activity than extremely satisfied customers. Whether the relationship between amount of WOM and satisfaction is negatively linear (conventional wisdom), positively linear (e.g., Holmes and Lett

1977) or U-shaped (Anderson 1988), clearly a relationship exists. Academicians appear to have paid less attention to the role of other influences on WOM. These influences might suggest which form of the relationship is appropriate.

Situational Factors. Beyond satisfaction there are other factors that might affect the amount and valence of WOM. Hanna and Wozniak (2001), for example, state that WOM is more likely to be sought when products are expensive, infrequently bought, highly visible, have expressive value and reflect personal taste. Because more WOM is sought for these products, we can assume more WOM is likely to be given under these conditions. This literature explains the high amount of WOM activity we saw within respondents. Hanna and Wozniak (2001) also propose the probability of WOM occurring should increase when dissatisfied consumers have difficulty complaining about their dissatisfaction to the responsible party, or when the consumer has a favorable or unfavorable emotional reaction to the experience.

Communicator Characteristics. Differences in WOM activity have also been attributed to variation in individuals. A broad range of characteristics that might influence WOM activity have been examined. Previous research has examined the link between characteristics such as desire for power and prestige, high need for social approval, necessity to diminish own reservations about the purchase made (cognitive dissonance), and increased social involvement (e.g., the need to share experiences with others) and WOM activity (Dichter 1966; Mowen 1995; Richins 1984). Interestingly, social involvement will more likely drive the spread of WOM when the communicator has enjoyed high satisfaction with an experience that interests another (Bone 1992; Dichter 1966).

Product involvement and/or expertise have also been linked to WOM. Involvement or expertise motivates a person's spread of WOM since an interest in the product category promotes talking about it (Feick and Price 1987; Richins and Bloch 1986; Venkatraman 1990). It has also been shown that loyal customers are more likely to engage in positive WOM (Reichheld and Sasser 1990). From the above studies we can develop a list of characteristics and situational factors that might account for differences in how much and what type of WOM individuals promote. Satisfaction, situational factors and communicator characteristics will be incorporated into our conceptual framework presented in the following section.

CONCEPTUAL FRAMEWORK

The review of the literature suggests a number of personal characteristics and situational factors that might influence the valence (negative or positive) and the amount of WOM activity. Our first model examines the situational factors that influence the spread of WOM. The second model incorporates individual characteristics, suggested by the literature, along with measures of negative and positive WOM to learn which of these factors are the primary drivers of the amount of WOM activity.

The Likelihood of Spreading Negative WOM

As discussed in the conceptual background, prior research has found that the spread of negative WOM is related to satisfaction. Negative WOM has also been related to complaint handling (Richins 1983). From this literature we propose a model in which the likelihood of spreading negative WOM goes down as satisfaction goes up (See Figure 1). We also expect less likelihood of engaging in negative WOM among respondents with experience because someone who has visited the resort before was previously satisfied. Another situational factor we include in the model is complaining behavior. We should find that the more satisfied a consumer is with how a complaint is handled by the resort, the less likely they will have negative things to say compared to consumers who did not have a complaint handled satisfactorily. To further test conventional wisdom, we investigate within our resort context, whether the likelihood

Figure 1
Proposed Factors that Impact Spread of Negative WOM

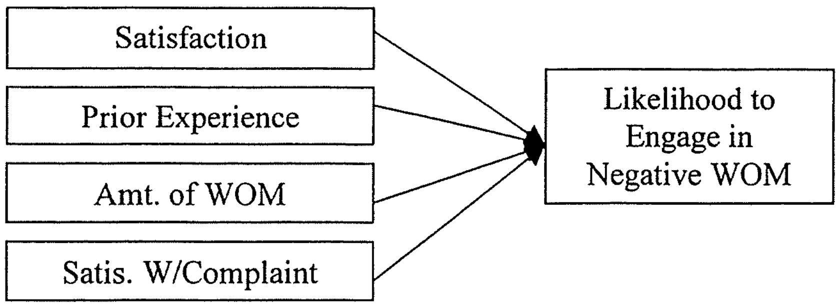
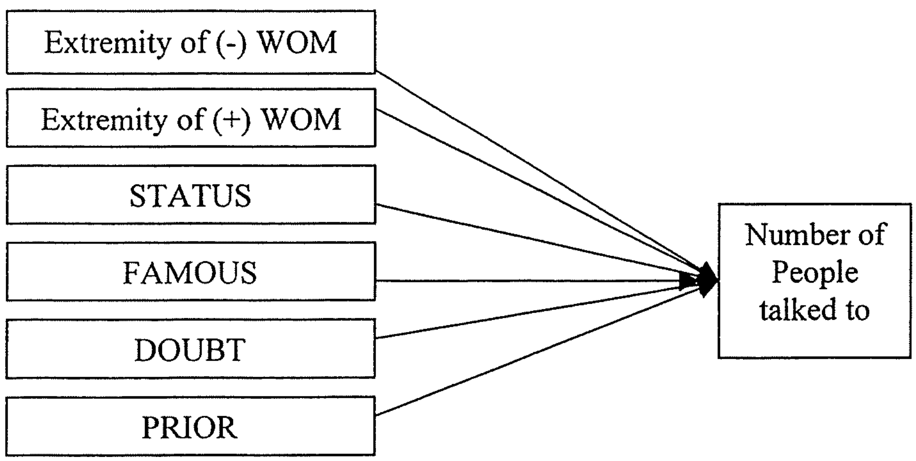


Figure 2
Predictors of Amount of WOM



of engaging in negative WOM is significantly related to the amount of WOM.

Predictors of the Amount of WOM activity

Many reasons have been given for the variation in the amount of WOM. One such reason - which is the focus of this research -- suggests the difference lies in whether WOM is negative or positive. Other literature suggests the causes are due to personal characteristics of the individuals such as need for social approval, to diminish dissonance with a purchase, or expertise. Our second model examines these influences on the amount of WOM. (See Figure 2).

To examine the role of negative and positive WOM on amount of WOM we use measures that reflect the extremity of the positive and negative WOM. Conventional wisdom would suggest that as WOM gets more negative the amount of WOM would increase. We also include the role of social approval through two prestige/social approval measures. We expect that people who are more concerned with how an experience reflects on their success are more status conscious (STATUS). Our second social approval/prestige measure questions whether knowing that the resort has famous guests (FAMOUS) increases confidence of enjoying the stay. Interest in social prestige/social approval should lead to more WOM. To assess whether need to erase doubts impact the amount of WOM, we include a measure that addresses cost concern (DOUBT). We anticipate that if individuals are concerned with cost, they might be individuals with more doubts. The WOM literature suggests that individuals with doubts engage in more WOM to cancel their doubts.

In the next section, the models we developed are tested and their results are presented. We follow with a discussion of our findings. We conclude with implications for managers and directions for future research.

METHOD

Data Collection Process

We conducted a longitudinal study over a ten-month period. For this study we used information gathered from all three surveys: pre-visit, post-visit and follow-up survey. A total of 825 pre-visit surveys were sent out. Two hundred sixty-seven surveys were returned, representing a 32 percent response rate. The post-visit survey was sent to 267 resort guests that returned the pre-visit survey prior to their stay. A total of 218 responses, representing an 84% return rate were received. The follow-up survey was sent, approximately six months later, to the 218 resort guests that returned the post-visit survey. One hundred seven surveys were returned within three weeks; 97 had sufficiently complete information to utilize for this analysis.

Pre-visit Survey. The pre-visit survey was four pages in length. Guests were asked to fill out the survey and return it prior to their visit to the resort. For the purposes of this study we utilized survey items about respondents' priorities for their visit. The priority questions were designed to measure status, variety seeking and cost concern characteristics. For this study, we were interested in determining the desire for social approval/prestige and the potential for doubts. To measure the desire for social approval/prestige we asked: 'My vacations are a reflection of how well I am doing in life' and 'Knowing that the resort has famous guests increases my confidence that I will enjoy my stay ', anchored by 1= strongly disagree and 5 = strongly agree. The propensity to have doubts was addressed with the question: 'I am concerned about the costs of a vacation like this' (1= strongly disagree; 5 = strongly agree). To assess expertise, information on prior resort experience was also gathered and utilized for the study (See Table 1 for survey measures.).

Post-Visit Survey. While the guests were visiting the resort, a post-visit survey was mailed to their homes. The purpose of this survey was to capture the guests' evaluations of overall satisfaction they received during their resort stay. To measure satisfaction a scale of three items was developed (See Table 1). The reliability of the scale items equaled .91. Because of the high reliability of these three measures we felt it sufficient and appropriate to use the average score of the three questions as the basis for the composite measure, SATIS.

Follow-up Survey. The follow-up survey was sent approximately six months later. Four WOM measures from the survey were utilized in this study. Several complaint measures were also included (see Table 1).

Subjects

Females represented 84% of the respondents and the remaining 16% were males. Age of the respondents ranged from 28 to 77; the mean age was 51. Thirty five percent of the respondents had never been to the resort before. Guests with prior experience at the resort had visited an average of 3 times before. These demographics were judged to be representative of resort decision-makers by the resort's Vice President of Marketing. A MANOVA analysis reveals that there are no significant differences in satisfaction, predictors of WOM, or WOM behavior across the various demographic factors.

Of the 97 guests, based on a 1 to 9 scale, 39% had a composite satisfaction score of 9. (Scores on the composite "SATIS" measure were rounded to the nearest integer, or scale point value. For

Table 1
Survey Items

STATUS:	My vacations are a reflection of how well I am doing in life. 1 = strongly disagree/5 = strongly agree
FAMOUS:	Knowing that the resort has famous guests increases my confidence that I will Enjoy my stay. 1 = strongly disagree/5 = strongly agree
DOUBT:	I am concerned about the costs of a vacation like this. 1 = strongly disagree/5 = strongly agree
PRIOR:	Have you been to [xxx] before? _____ Yes _______ No
SATIS:	Composite satisfaction scale [OSAT + COMPARE + EXPECT]/3; OSAT: How satisfied overall were you with your recent experience at [xxx]? 1 = Very dissatisfied / 9 = Very Satisfied COMPARE: Compared to other vacation or travel experiences, how would You rate your satisfaction with [xxx]? 1 = Very dissatisfied / 9 = Very Satisfied EXPECT: To what extent did your recent experience at [xxx] meet your 1= Fell short of my expectations / 9 = Exceeded my expectations
NUMWOM:	Since returning home, with how many people would you estimate you have discussed [xxx]? ____
VALENCE:	How would you describe what you have told others about [xxx]? 1= All negative / 3 = Some negative & some positive / 5 =All positive
POS:	If you have shared any **positive** information about [xxx] with others, how positive would you rate the information? 1 = Barely positive / 5 = Very positive
NEG:	If you have shared any **negative** information about [xxx] with others, how negative Would you rate the information? 1 = Barely negative / 5= Very negative
RECOMMEND:	Have you recommended [xxx] to others? _____ Yes _____ No; If **yes**, about how many people?______ (NREC)
COMPL:	During your recent stay at [xxx] did you have any complaints? __ Yes ___No If you answered yes, did you express your complaint to an employee? __Yes __No
COMPSAT:	Were you satisfied with how your complaint was handled? ____Yes ____ No ____ Somewhat satisfied

example, SATIS scores between 6.5 and 7.49 were counted as "7".). Of the mostly satisfied guests, 17 (18%) had a composite satisfaction rating of 7, 31 (32%) had an 8 and 38 (39%) had a 9 (Table 2). Our high satisfaction scores were not unexpected for several reasons. First, prior research by Peterson and Wilson (1992) shows that self-reports of customer satisfaction are biased towards the high end of the satisfaction scale. Also, we have many repeat visitors. Obviously, guests would not return if they were less than very satisfied.

Despite a seemingly high number of satisfied guests there are significant differences across these guests. An ANOVA analysis reveals that repeat intentions are significantly lower for guests reporting a composite satisfaction of less than 9. The mean repeat score for guests that reported a

Table 2
Overview of Respondents

SATIS	Frequency	VALENCE (mean)	POS (mean)	NEG (mean)	COMPSAT (frequency of yes)	Only (+) (frequency)	Both (+)(-) (frequency)	Only (-) (frequency)
1.00	1	2	2	5	-	1	1	-
3.00	1	5	5	1	-	1	1	-
4.00	4	3	4.5	3.5	-	1	1	-
5.00	2	4	4	1.5	-	-	-	-
6.00	3	4.3	4.3	1	1	3	2	-
7.00	17	4.3	4.3	1.5	1	16	13	-
8.00	31	4.6	4.9	1	6	29	23	-
9.00	38	4.9	4.6	1	5	43	21	-
Overall	97	4.6	4.6	1.2	13	94	62	-

composite satisfaction score of 9 was 4.6 (1 = very unlikely; 5 = very likely). In contrast, guests with composite satisfaction scores of 7 and 8 reported repeat intention scores of 3.58 and 3.71 respectively. Although the satisfaction scores are clustered toward the high end, there are differences within the "satisfied" group. We should expect differences among guests who are anything less than very satisfied. Overall, as satisfaction went up so did the valence of the WOM ($t_{95} = 7.852$; $p = 0.00$) and the extremity of the positive WOM ($t_{95} = 2.044$; $p = 0.04$). Likewise, composite satisfaction went down as the extremity of negative WOM increased ($t_{95} = -4.915$; $p = 0.00$).

ANALYSIS

Initial investigation of the data highlighted that fewer respondents spread negative WOM than spread positive WOM. Specifically, of the 97 respondents, 94 made favorable comments whereas 62 respondents made unfavorable comments (3 respondents engaged in neither positive nor negative WOM). Interestingly, negative WOM was spread only if positive WOM was also spread (Table 2). Further evaluation of the amount of WOM (number of people talked to and number of recommendations) by the valence of WOM finds that the more positive the information, the higher the amount of WOM and recommendations (Table 3). To illustrate, respondents that engaged in some negative and some positive WOM (valence = 3) talked to an average of 12 people and recommended the resort to 2 people while those that engaged in just positive WOM (valence = 5) talked to 24 people and recommended the resort to 13 people (Table 3). Furthermore, in comparing the activity of the guests with predominantly negative WOM (valence=2) to that of the predominantly positive WOM guests (valence=4), we see that the people who spread predominantly negative WOM spoke to half as many people as did those who spoke mostly favorably of their experience. These findings form the foundation for this research's challenge to conventional wisdom on negative WOM. Specifically, the negative linear relationship does not emerge.

The Likelihood of Spreading Negative WOM

Now we explore why these dynamics are occurring. First, a logit analysis is performed to determine what influences the probability that a guest would engage in both negative and positive WOM, as opposed to engaging in positive WOM only. The two mutually exclusive groups used in

Table 3
Amount of Word-of-Mouth Activity by Valence of Word-of-Mouth Activity

	Valence WOM: (1 = all neg.; 5 = all pos.) 1	2	3	4	5
Mean Amount of Word-of-Mouth:	-	10	12	20	24
Mean Number of Recommendations:	-	-	2	9	13
Frequency	-	1	7	26	63

Table 4
Logit Analysis of the Spread of Negative WOM[a]

Independent Variables	Parameter Estimate	Standard Error	p-value
Intercept	8.28	3.26	**.011**
SATIS	-0.78	0.37	**.035**
PRIOR	-1.24	0.66	**.060**
NUMWOM	-0.02	0.01	.153
COMPSAT	-0.14	0.13	.303

Model Assessment	**Statistic**	p-value
-2 Log-Likelihood (Intercept Only)	94.030	--
-2 Log-Likelihood (Intercept & Covariates)	80.907	--
Likelihood Ratio (χ^2_4)	13.123	**.01**
Proportion of Correctly Classified	.813	
C_{max}	.680	
C_{pro}	.564	

[a] Model Based on 75 observations

this logit analysis are the "positive and negative WOM" group and the "positive only" group. Although this distinction would suggest the presence of a third group – "negative WOM only," this group did not exist in the data since not one respondent spread only negative WOM. Covariates included satisfaction with the experience (SATIS), prior experience with the resort (PRIOR), the number of people to whom WOM was spread (NUMWOM) and the guest's satisfaction with how complaints were handled (COMPSAT).

As highlighted in Table 4, the overall model is significant (Chi-Square for Covariates: χ^2_4 = 13.123, p=.01) and predicts well. In line with conventional thinking, an increase in satisfaction with the experience decreased the probability that the guest engaged in both positive and negative WOM (b= -.78, p=.035). In other words, increased satisfaction had a favorable effect on the probability of spreading only positive WOM, as would be expected. Similarly, guests who have stayed at the resort before were more likely to engage in only positive WOM (b=-1.24, p=.060)

Table 5
Predictors of the Amount of WOM

Independent Variables	Beta Estimate	t-statistic	p-value
Extremity of + WOM (POS)	0.25	0.083	0.934
Extremity of - WOM (NEG)	-2.56	-1.633	0.108
Prestige/Social approval (FAMOUS)	3.41	2.189	**0.033**
Prestige/Social approval (STATUS)	6.91	3.002	**0.004**
Erase doubts (DOUBT)	-7.15	-3.380	**0.001**
Prior experience (PRIOR)	-6.58	-1.752	**0.085**
F (6, 55) = 3.84; Sig. of F = .0028			

$R^2 = 0.22$

These results are consistent with prior research (e.g. Westbrook 1987; Swan and Oliver 1989; Anderson 1998).

Two interesting results emerge that contradict prior thinking on WOM. If guests engage in both negative and positive WOM, they should talk to more people than if they engaged in only positive WOM. We do not find this effect. In fact, amount of WOM does not influence the probability of engaging in negative and positive WOM versus positive-only WOM (b=-0.02, n.s.). Furthermore, it would be expected that guests who had complaints that were not resolved during their stay would be more likely to engage in negative WOM. Again, we find no support for this expectation (b=-0.14, n.s.). In this research context, positive WOM prevails.

Predictors of the Amount of WOM Activity

We now turn our attention to the predictors of the amount of WOM. We utilize OLS regression to perform the analysis. Our dependent measure represents the number of people the consumer told about their experience (NUMWOM). There are six single item independent measures: the strength of positive WOM (POS), the strength of negative WOM (NEG), prestige (STATUS and FAMOUS), cost concern (DOUBT) and prior experience (PRIOR).

The results reveal that the strength of positive WOM is not a significant predictor of amount of word-of-mouth/recommendation activity (t= .083). This result is not unexpected. Conventional wisdom would support that the strength of positive WOM wouldn't increase the amount of WOM. Instead, conventional wisdom would suggest that there is more likely to be a link from the strength of negative WOM to amount of WOM. In other words, it would be expected that the purveyors of extremely negative WOM would engage in significantly more WOM. Again, our results challenge conventional thinking. Within our context, we find a marginally significant negative link between NEG and 'many' (t=-1.633, p=.10). The more negative the word of mouth, however, the <u>lower</u> the amount of WOM.

We expected that prior experience would result in more WOM. We did not get this result. In fact, PRIOR was marginally significant in a negative direction (t = -1.752, p=.09), suggesting that people who had been to the resort before spoke to fewer people than did novice guests. In retrospect, this is possibly explained by hesitance to repeat previous WOM. Having told friends how wonderful the resort is deters friends from wanting to hear about it again. Our prestige characteristics performed as expected. STATUS (t = 3.002) and FAMOUS (t = 2.189) are both significant predictors of the amount of WOM. We had also anticipated that if individuals were concerned with cost, they might engage in more WOM to diminish their dissonance. This was not the case; WOM activity diminished as doubt went up. We follow with further discussion of the findings.

DISCUSSION

The results of the various analyses performed highlight that the conventional thinking on the relative frequency of negative and positive WOM may not always hold. In our research context, a stay at an exclusive resort represents an ideal purchase situation in which WOM is likely to take place. This service is expensive and infrequently purchased, and reflects a guest's personal taste in vacations (Hanna and Wozniak 2001). While many guests (40%) were very satisfied with their resort experience the majority of guests were less than very satisfied. On average, 60% of guests that were less than very satisfied spoke to significantly fewer people about their trip than did the most satisfied customers. In addition, negative WOM was only spread when positive comments were also made. These findings, from a context with predominantly satisfied consumers, expose a situation in which the thinking on negative WOM can be challenged.

The Likelihood of Negative WOM

The results of the logit analysis revealed that engaging in negative WOM was neither a function of the amount of WOM activity nor how well complaints were handled by the resort, as prior research has suggested (e.g., Hanna and Wozniak 2001; Silverman 1997). These results further question the WOM reasoning. Assuming a relationship between negative WOM and amount of WOM is too simplistic. Obviously other factors can come into play that will impact when negative WOM is spread and to how many people WOM is conveyed. Several factors might contribute to this result. First, the high status of our context might lend itself to more positive WOM. Also, the number of repeat (loyal) customers is going to lessen the likelihood of negative WOM.

Predictors of the Amount of WOM

The examination of the predictors of the amount of WOM produced interesting results. We would expect to find that individuals who engaged in strongly negative WOM would talk to more individuals. Interestingly, as the WOM gets relatively more negative the number of people talked to goes down. It would be interesting to see if these results hold in a context in which there are more novice consumers, more dissatisfied customers or less status associated with the consumption.

The results of the personal characteristics are also intriguing. Among the six independent measures we tested, they are the most significant in predicting the amount of WOM. When examined with types of WOM (POS and NEG) and prior experience, personal characteristics are the best predictors of how many people a person talks to about their consumption experience. Individuals who are more concerned with prestige and social approval engaged in more WOM than those who are not as concerned with these social factors. The effect for DOUBT was not as we anticipated. The WOM literature suggests that individuals with doubts engage in more WOM to cancel their doubts. We find an opposite effect. Individuals who reported concern over the cost engaged in significantly lower amounts of WOM. Our results could be a reflection of our measure not fully capturing doubt.

Overall, our results suggest that caution must be taken in assuming that negative WOM will be spread more than positive WOM. Specifically, we studied a context in which 40% of the consumers were very satisfied and their comments to others were predominantly positive. There are many competing factors that likely influenced both the engaging in negative WOM and the amount of WOM individuals spread. Our research suggests that personal characteristics of the communicator and situational factors must be considered when examining WOM. As a result managers should take advantage of the positive WOM in a context of highly satisfied consumers and use these positive comments as a promotional source for their products or services.

In conclusion, more research should be conducted to establish guidelines about when negative versus positive WOM is likely to rule.

Within our context the positively linear relationship between satisfaction and WOM activity appears to hold. This is contrary to the negatively linear relationship expected with conventional wisdom. Perhaps the desire for conspicuous consumption dominates the evaluation of the consumption experience when predicting WOM. Future research should examine all the factors that lead to this effect, including high price, high prestige or high involvement with the product or service.

The important implication for managers is that they need to learn, within their context, when negative or positive WOM will dominate and what factors - both personal and situational -- contribute to the amount of WOM that is spread. Relying on the conventional wisdom might overstate potential damage by negative WOM, while preventing the opportunity to optimize positive WOM. WOM is a powerful consumer instrument that managers can not afford to downplay or ignore, for it may serve to their competitive advantage.

REFERENCES

Anderson, Eugene W. (1998), "Word-of-Mouth as a Consequence of Customer Satisfaction," *Journal of Services Research*, 1, (1), 5-17.

Bone, Paula Fitzgerald (1992), "Determinants of Word-of-Mouth Communication During Product Consumption," in John F. Sherry and Brian Sternthal (eds.), *Advances in Consumer Research*, 19, Provo, UT: Association for Consumer Research, 579-83.

Brown, Jacqueline Johnson and Peter H. Reingen (1987), "Social Ties and Word-of-Mouth Referral Behavior," *Journal of Consumer Research*, 14 (December), 350-262.

Dichter, Ernest (1966) "How Word-of Mouth Advertising Works," *Harvard Business Review*, 44 (November-December), 147-66.

Feick, Lawrence F. and Linda L. Price (1987), "The Market Maven: A Diffuser of Marketplace Information," *Journal of Marketing*, 51 (January), 83-97.

Hanna, Nessim and Richard Wozniak (2001), *Consumer Behavior: An Applied Approach.* Upper Saddle River, NJ: Prentice-Hall, Inc.

Herr, Paul M, Frank R Kardes and John Kim (1991), "Effects of Word-of-Mouth and Product Attribute Information on Persuasion: An Accessibility-Diagnositicity Perspective," *Journal of Consumer Research*, 17 (March) 454 - 462.

Holmes, John D. and John D. and Lett (1977), "Product Sampling and Word of Mouth," *Journal of Advertising Research*, 17 (October), 35 -39.

Hunt, H. Keith, H. David Hunt and Tacy C. Hunt (1988), "Consumer Grudge Holding," *Journal of Consumer Satisfaction, Dissatisfaction, and Complaining Behavior*, 1, 116-18.

Mowen, John C. (1995), *Consumer Behavior*, 4th Edition. Englewood Cliffs New Jersey, Prentice-Hall Inc.

Peterson, Robert A. and William R. Wilson (1992), "Measuring Customer Satisfaction: Fact and Artifact," *Journal of the Academy of Marketing Science*, 20 (1), 61-71.

Reichheld, Frederick F. and W. Earl Sasser (1990), "Zero Defections: Quality Comes to Services," *Harvard Business Review*, 68 (Sept.-Oct.), 105-111.

Richins, Marsha L. (1983), "Negative Word-of-Mouth by Dissatisfied Customers: A Pilot Study," *Journal of Marketing*, 47 (Winter), 68-78.

Richins, Marsha L. and P. H. Bloch (1986), "After the New Wears Off," *Journal of Consumer Research*, 13 (September), 280-85.

Richins, Marsha L. (1984), "Word-of-Mouth Communications as Negative Information," *Advances in Consumer Research*, T. Kinnear ed., Provo, Utah: Association for Consumer Research, 697 - 702.

Schlossberg, Howard (1991), "Customer Satisfaction: Not a Fad, But a Way of Life," *Marketing News*, 25:20 (June 10).

Silverman, George (1997), "How to Harness the Awesome Power of Word-of-Mouth," *Direct Marketing*, 60 (November), 32-37.

Sokolosky, Valarie (2000), *Southwest Airlines Magazine.* July.

Swan, John E. and Richard L. Oliver (1989), "Postpurchase Communications By Consumers," *Journal of Retailing*, 65 (Winter), 93-107.

Venkatraman, Meera P. (1990), "Opinion Leadership, Enduring involvement and Characteristics of Opinion Leaders: A Moderating or Mediating Relationship?" in Marvin E. Goldberg, Gerald Gorn and Richard W. Pollay (eds.), *Advances in Consumer Research*, 17 (Provo, UT: Association for Consumer Research), 60-67.

Westbrook, Robert A. (1987), "Product/Consumption-Based Affective Responses and Post-purchase Processes," *Journal of Marketing Research*, 24, (August), 258-270.

Send correspondence regarding this article to:
Gillian Naylor
422 Beam Hall
College of Business and Economics
University of Nevada Las Vegas
Las Vegas, NV 89154-6010 USA

PERCEIVED SOCIAL APPROVAL AS A COMPARISON STANDARD IN PRODUCT EVALUATION AND DETERMINATION OF SATISFACTION

Sabrina M. Neeley, Texas Tech University
David W. Schumann, University of Tennessee

ABSTRACT

Customer satisfaction is vitally important to business success. Satisfaction/dissatisfaction has been shown to be directly related to the comparison standard(s) against which the customer judges his or her experience, typically factors such as expectations, desires, or ideals, to name a few. This article presents evidence for a new comparison standard, perceived social approval, which reflects a consumer's consideration of other persons' reactions to a purchase. Numerous research studies suggest that social approval and interpersonal influence have considerable influence in the pre-purchase situation, but no studies to date have examined this social influence as a comparison standard. This study found that consumers often seek social approval when evaluating and determining satisfaction with public products, but not necessarily with private products. An additional factor, a person's susceptibility to interpersonal influence (SUSCEP), was tested as a moderator in the use of perceived social approval. Results revealed that for persons high in susceptibility to interpersonal influence, public products prompt a magnification of the attention to other people's opinions that may not be seen with private products or with persons low in susceptibility.

INTRODUCTION

Customer satisfaction is vitally important to business success, since it is often assumed that satisfaction is related to repurchase, loyalty, and ultimately profitability (Bearden and Teel 1983). Customers who are satisfied with their purchases are believed to be more likely to purchase the same products again. Those customers who are dissatisfied may harbor resentment toward the business, complain, demand redress, and even negatively influence the purchase of other customers. This satisfaction or dissatisfaction has been shown to be directly related to the comparison standard(s) against which the customer judges his or her experience. There is significant literature in the customer satisfaction arena that examines the various types of comparison standards (for a helpful summary, please see Halstead and Ward 1996; Woodruff, et al. 1991). However, to date, there has not been a designation of a comparison standard in which the customer thoughtfully considers how others would react to a purchase.

One of the factors which has been posited to have a strong influence on consumer behavior in the pre-purchase situation is the extent to which a person is keenly aware of, concerned with, and influenced by the opinions and attitudes of others. Perhaps the fact that we care how others view us (e.g., Burnkrant and Page 1982; Grubb and Stern 1971; Bearden, Netemeyer and Teel 1990; Childers and Rao 1992) suggests that there may be a unique, external way in which we inherently judge products. Not only product selection decisions, but also post-purchase satisfaction may, in part, result from how individuals perceive that other people will ultimately judge their product selections and usage.

This paper presents evidence for a comparison standard based on a customer's perception of others' social approval, discusses the contexts in which the standard is likely to occur in relation to other comparison standards, and considers future research that might enhance our knowledge of the standard.

LITERATURE REVIEW

The Role of Comparison Standards in Satisfaction Determination

Satisfaction is defined as "the customer's reaction to, or feeling about, what he or she receives -- reaction to the value received from the offering" (Woodruff and Gardial 1996). When a customer achieves satisfaction from his or her experience with the product, learning takes place, and the customer is likely to remember this experience the next time the same need arises, and make product choices accordingly (Oliver 1980).

The basis for comparison is one of the most important factors involved in the determination of customer satisfaction. According to the predominant framework of customer satisfaction, the Disconfirmation Model (Oliver 1977, 1980), comparison standards are used as the benchmark against which actual performance is measured, and satisfaction is determined (Clemons 1994; LaTour and Peat 1980; Miller 1979; Prakash 1984; Swan 1988; Swan and Trawick 1981; Westbrook and Reilly 1983).

Since the advent of the Disconfirmation Model, researchers have suggested the existence of many different standards that factor into the determination of satisfaction. The most widely held comparison standard has been *expectations* (Bearden and Teel 1983; Day 1982; Miller 1979; Oliver 1980; Olson and Dover 1976; Summers and Granbois 1977; Swan 1988; Westbrook 1987). However, other standards have been suggested in addition to, or in place of expectations: *desires* (Olshavsky and Spreng 1989; O'Shaughnessy 1987; Spreng and Olshavsky 1993; Suh, Kim and Lee 1994; Westbrook and Reilly 1983), *ideals* (Sirgy 1984), *experience* and *performance-based norms* (Cadotte, Woodruff and Jenkins 1982, 1987; LaTour and Peat 1980; Tse and Wilton 1988; Woodruff, Cadotte and Jenkins 1983), to name a few.

Social Approval and Interpersonal Influence

Numerous studies validate the argument that consumers tend to be keenly aware of, concerned with, and influenced by the opinions and attitudes of others, and that marketers should be concerned with this influence (Bearden and Rose 1990; Burnkrant and Cousineau 1975; Calder and Burnkrant 1977; Midgley 1983; Reingen, Foster, Brown and Seidman 1984). The belief that humans acknowledge the opinions and attitudes of others is founded in social psychological theories which assert humans as innate social beings, and "self" as the product of social interaction (Cooley 1922; Mead 1934; Asch 1958; Gergen 1970). Since human conception of self is socially created, and man is a social being who seeks interaction with others, the conception of "self" is constantly being presented, influenced by, and refined through social interaction (Blumer 1962; Goffman 1959).

Because a person's conception of "self" is in constant refinement, most humans seek out other individuals whom they aspire to be like, seek validation of their own self images by comparing themselves to others, and often attempt to modify self presentation and image by modeling their behavior on the behavior of others. Festinger (1954) labeled this phenomenon as "social comparison," and suggested that humans learn their standing within the environment by comparing themselves to others within the same environment.

From a consumer behavior perspective, there are two ways social comparison helps explain the motivation some people may have to purchase and use certain goods and services. First, individuals seek social approval by searching for, and consuming, goods that are consistent with a perceived self-image or the image the individual wishes to construct or present in a public context (Burnkrant and Page 1982; Grubb and Stern 1971; Webster 1975). A person's concern about reactions from others may moderate his or her behavior with regard to product choices and usage, even to the extent that the consumer may chose or use a product solely for its symbolic value to others in the desired reference group (Bourne 1957; Bearden and Etzel 1982; Bearden and Rose 1990; Childers and Rao, 1992; Grubb and Stern 1971).

Burnkrant and Page's (1982) study of the meals that married women indicated they would prepare if their husband's boss came for dinner, found that the women were sensitive to the expected impression called for in various situations, and would choose consumer products to create an impression consistent with that expectation. The women were more likely to create meals that were congruent with an impression (e.g., sophisticated), if they knew that the impression would be rewarded. The authors also found that women who scored higher on a scale of public self-consciousness were more sensitive to the expected impression and more sensitive to past behaviors of the influencing person (e.g., a past meal served by the boss). However, increased sensitivity to impression expectations did not necessarily translate to behaviors that would gain approval. The high public self-consciousness subjects were more concerned with past behaviors than with the reward contingencies of the current situation.

Grubb and Stern (1971) examined the perceived self-images, brand images, and other-owner images of Ford Mustang and Volkswagen owners. These researchers found that owners had self-perceptions similar to the image of their own brand, but different from owners of competing brands. Additionally, Volkswagen owners perceived themselves to be somewhat different from the stereotyped owner, but Mustang owners' self-perceptions were consistent with the stereotyped image.

Second, social comparison theories provide explanation for how consumers allow the interpersonal influence of others to affect normative beliefs (Fishbein and Ajzen 1975; Burnkrant and Cousineau 1975; Calder and Burnkrant 1977). A consumer may be aware of, seek out, and accept the influence of others' attitudes and opinions in the shaping of his or her own attitudes and behavior towards consumption decisions, and accept the possible rewards or sanctions from the conformity or non-conformity of these decisions.

In a series of studies, Bone (1995) found that subjects relied heavily on word-of-mouth information given in a product pre-usage situation. A word of mouth information main effect led to the conclusion that positive word of mouth leads to positive product evaluation. Bone further found that positive information was more influential than negative information in both initial and long-term product judgments. In one of the studies, she hypothesized that a person's susceptibility to interpersonal influence (Bearden, Netemeyer, and Teel 1989) would moderate the effects of word of mouth information. However, results of the study did not support this hypothesis. Given the word of mouth information was provided prior to usage of the product, it appears possible that the manipulation could cause heightened sensitivity to the use experience among the participants, masking the effects of the personality trait.

Situational Influence or Enduring Trait?

Another opportunity for exploration exists in the potential debate as to the situational or contextual effects of interpersonal influence. Bearden and Etzel (1982) initially suggested that the use of interpersonal information might be moderated by situation. However, Bearden and his colleagues (Bearden, Netemeyer, and Teel 1989, 1990) later applied the concept of interpersonal influence and perceptive social approval in the development of their Consumer Susceptibility to Interpersonal Influence Scale (SUSCEP) (see Appendix B). They suggested that a strong attention to, and desire to seek out, interpersonal influence was a distinct personality trait that could be tested in a consumer context. Additionally, the authors posited that since this behavior was linked to a personality trait, the behavior should endure across situations and products, and in both the pre- and post-purchase contexts.

Although we are very familiar with, and readily accept the idea that consumers are subject to interpersonal influence during the search and selection stages of product acquisition, to date, no studies have examined interpersonal influence as a factor in the post-purchase evaluation of a product.

PRELIMINARY EVIDENCE FOR THE COMPARISON STANDARD

Within an exploratory study designed to investigate the conditions under which multiple comparison standards are used, evidence for a new, externally driven standard surfaced. In-depth interviews were conducted with nine college-age consumers to determine the standards used in the purchase and evaluation of four different products. Participants were selected based on their confirmation of a recent purchase/experience with the examined products. A grand tour interviewing technique (Woodruff and Gardial 1996) was used to gain understanding of purchase experiences. Respondents were probed about their thought processes, their decision criteria, and their post-purchase consumption evaluation and satisfaction determination. Four different products/ experiences were examined: purchasing an automobile, purchasing a home electronics item, purchasing a sweater, and having dinner in a restaurant with a significant other. These products/experiences were chosen to reflect both familiar and highly involving consumer situations.

For two products, the automobile and the sweater, evidence of a comparison standard that reflected how others would perceive the respondent emerged. Note the following examples from the interview transcripts:

> I didn't really evaluate it, it's basically the other people evaluate it when they vindicate [sic] what you buy . . . Because most people generally don't trust their own judgment on clothes, or cars, or just real material stuff. You just sorta wait until you get compliments and they notice it.

> You know, it was just the greatest thing in the world. I rode home with my brother and he's like, "You know, this is neat." He's a little guy, you know, but he's like "yeah, I like your car." But, and I knew right then and there.

> As soon as I got home I threw it on immediately and I went and ran and looked in the mirror. It was like, "How does it look?" I went around and asked my fiancé, "What do you think?" I called her down, you know, my family and said, "What do you, you know, do you like it, what do you think?" People gave me good input on it so that made me, so that made me feel better about the sweater itself.

Statements such as these appear to suggest the existence of a comparison standard based on interpersonal influence, which as yet, has not been examined.

DEFINING THE COMPARISON STANDARD: PERCEPTION OF WHAT OTHERS THINK

Relying on one's perception of what others think appears to be a deliberate action on the part of some consumers. People identify specific reference individuals and seek out those individuals' reactions. For the products employed in the aforementioned study, friends and family members were typically identified as references. Furthermore, the respondents who used this comparison standard delayed their own evaluations of a new purchase until they received evaluative information from others. From the examples above, this proposed comparison standard appears to serve as an external validation of one's own opinion about a product or brand, and/or validation of the purchase decision one has made.

The proposed comparison standard of perceptive social approval fits within the framework of both the Disconfirmation Model and the social approval/interpersonal influence literature in that this construct reflects the conscious attempt to internalize external information for use as a comparison standard. Consumer researchers readily accept that consumers utilize interpersonal influence in the pre-purchase situation. This example of perceived social approval represents the fact that this same interpersonal influence may be employed in the post-purchase evaluative context of product consumption and satisfaction determination.

METHOD

This study was undertaken to examine the proposed phenomenon of perceived social approval as a comparison standard in the post-purchase evaluation of a product. The overriding goal of this project was to determine if this phenomenon existed in a larger sample, or if it was an artifact of the original interviews.

The first objective of the study was to ascertain whether the type of product evaluated moderates the use of perceptive social approval as a comparison standard. Bearden and Etzel (1982) suggested that interpersonal influence is subject to the public- or private-ness of a product. These authors presented evidence that when a product is intended for use or presentation outside the home, where the product will most likely represent the consumer's image, the consumer will be more concerned with the opinions and attitudes of others regarding the product. If, on the other hand, the product will be consumed inside the home for personal purposes, where the product will not represent an image to others, the consumer will be less likely to seek out, or will be less concerned with the opinions and attitudes of others regarding the product.

The second objective of this study was to determine if the use of perceived social approval as a comparison standard is related to a person's score on the Consumer Susceptibility to Interpersonal Influence (SUSCEP) scale, thus reflecting a personality trait that exists across consumer situations and products (Bearden, Netemeyer and Teel 1989, 1990). By virtue of the test, an interaction effect between a person's susceptibility to interpersonal influence and the public- or private-ness of the product is explored.

The research questions for this study examine the use of perceived social approval as a comparison standard during two post-purchase stages, product evaluation and satisfaction determination. As such, the following hypotheses are tested.

During post-purchase evaluation:

H1a: perceived social approval will be used more often as a comparison standard for public products than for private products (simple main effect)

H1b: the use of perceived social approval will be ranked as a more important evaluation criterion for public products than for private products

H1c: persons higher in susceptibility to interpersonal influence will use perceived social approval more than persons low in susceptibility (simple main effect)

H1d: persons higher in susceptibility to interpersonal influence will rank the use of perceived social approval as a more important evaluation criterion than persons low in susceptibility

H1e: persons scoring high in susceptibility to interpersonal influence will use perceived social approval more as a comparison standard for public products than for private products (interaction)

During post-purchase satisfaction determination:

H2a: perceived social approval will be used more often as a comparison standard for public products than for private products

H2b: persons higher in susceptibility to interpersonal influence will use perceived social approval more than persons low in susceptibility.

H2c: persons scoring high in susceptibility to interpersonal influence will use perceived social approval more as a comparison standard for public products than for private products.

Respondents

The respondents for this study were undergraduate students enrolled in Marketing courses at a major southeastern state university (n =113). The students were classified primarily as juniors and seniors at an early stage in the Marketing course progression. These students were selected to represent a diverse sample of the student population since the marketing courses from which the sample was drawn are often taken not only by marketing majors but also by non-marketing business majors and by students pursuing non-business degrees.

The students were invited to participate by the course instructor and researchers. The students were reminded several times that their participation was voluntary and they would receive no direct benefit from participation. Because actual involvement in the study was relatively brief, no incentive was deemed necessary.

Measures

The Consumer Susceptibility to Interpersonal Influence (SUSCEP) scale (Bearden, Netemeyer and Teel 1989, 1990) was used in phase one of this study. (The SUSCEP scale is fully explained and documented in *The Handbook of Marketing Scales*, Second Edition, William O. Bearden and Richard G. Netemeyer, editors, Sage: Thousand Oaks, CA, pp. 104 - 106). Although the SUSCEP scale was developed to reflect susceptibility to interpersonal influence in the pre-purchase situation, this study utilizes the same scale as a measure of susceptibility in the post-purchase situation, since the trait is assumed to maintain consistency across situations.

To mask the real purpose of the study, the research was conducted in two phases. The personality test was administered during the first phase and was positioned separately from the remainder of the study (see procedure description that follows shortly). Two weeks later the second phase was initiated. A testing instrument was administered that consisted of a written scenario and corresponding questions. A projective scenario format was employed to minimize respondent unwillingness to self-report on social influence, as well as to minimize possible social desirability bias (Fisher 1993, Fisher and Tellis 1998).

The scenarios provided respondents with one of four different product post-purchase evaluation situations. Each scenario presented a person described as a "typical college student" who had recently purchased a product. The person in the scenario was given an androgynous name (Chris or Terry) to avoid implying gender specific behaviors.

The products selected for the scenarios included a suit for job interviews, an automobile, a television set, and bath towels. The suit and automobile were categorized as public goods since the purchase and consumption of these items tend to be strongly related to a person's self-image and desired self-presentation (Bearden and Etzel 1982). The television and bath towels were classified as private goods since the selection and purchase of these items were assumed to be more attribute-based and consumed within the home.

The questions accompanying each scenario consisted of lists of eleven items (comparison standards) which the subject checked in correspondence with the types of information the "scenario person" would consult when: (1) evaluating the product in the post-purchase situation, and (2) determining satisfaction with the product (see Appendix for questionnaire). This list of comparison standards was derived from the various standards suggested in the literature (Woodruff, et.al.1991; Halstad and Ward 1996). Respondents were also asked to rank-order the importance of information (i.e., comparison standards) used during product evaluation. Finally, respondents were asked to provide open-ended responses for the sources of the information used in each context.

Procedure

During the first phase of this study, one of the researchers approached the students in the selected classes and explained that their help was being sought to "norm" a scale that was being used for on-going research in the Marketing Department. Students were informed that their participation was voluntary, and their grades would not be affected by their participation. Students were given the SUSCEP scale questions among a number of other scaled personality items. Upon completion, the questionnaires were collected, and the students were thanked for their participation without any additional explanation.

Approximately two weeks to one month later the second phase was implemented. One of the researchers again approached the students in the selected classes and requested participation in another brief questionnaire. The students were not told of the connection between the first and second data collections. Upon completion of the test questionnaire, the students were debriefed, asked about guessed hypotheses, told of the connection between the first and second data collections, and informed of the purpose of the study.

Each respondent was asked to provide the last four digits of his or her social security number on both the personality scale and test questionnaire, to be used as an identification number. The use of only the last four digits allowed for matching of respondents, while ensuring confidentiality of respondents and the relative inability to match score and response to individual subject names. During the matching of scale to questionnaire, missing data was handled by a pair-wise deletion of cases.

RESULTS

Product Evaluation

The purpose of the first set of analyses was to determine the use of perceived social approval as a comparison standard during post-purchase product evaluation. It was hypothesized that the evaluation of public products would generate more use of the comparison standard than the evaluation of private products. A Chi-Square analysis revealed a significant difference between the public/private-ness of the product and respondents' affirmative or negative response to the use of verbal feedback from others, $\chi^2 = 15.341$, $p<.0001$ (See Table 1). Seventy-two percent of respondents indicated the use of other people's comments during the post-purchase evaluation of public products. Only 28% of respondents indicated the use of others' comments when evaluating private products. Therefore, H1a was supported.

Participants were asked to rank the different comparison standards on a scale of one to ten (1 = most important evaluation criteria). It was expected that participants would rely on information from others more when evaluating public products than private products. A one-way analysis of variance (ANOVA) conducted on the mean rankings revealed that participants ranked perceived social approval as a more important criterion for public products (mean=6.23) than for private products (mean=7.89), $F(1,112)=9.986$, $p < .01$ (See Table 1). Therefore, H1b was supported.

The hypothesized relationship between the use of perceived social approval as a comparison standard and a person's score on the Consumer Susceptibility to Interpersonal Influence (SUSCEP) scale (Bearden, Netemeyer, and Teel 1989, 1990) was also tested. A median split was used to categorize susceptibility to interpersonal influence as high or low. (Due to issues of small sample size, analysis was not conducted to determine differences based on the normative/ informational dimensions of this scale). A Chi-Square analysis revealed that a person's

Table 1
Post-Purchase Evaluation Results

		Use Other's Comments	Do not use Other's Comments	Sample Size
Post-Purchase Evaluation	*Public Product* (col %)	36** (72.0%)	22** (34.9%)	58/113
	Private Product (col %)	14** (28.0%)	41** (65.1%)	55/113
Importance of Comments	*Public Product*	Mean = 6.23**	na	55/111
	Private Product	Mean = 7.89**	na	56/111
Importance of Comments x SUSCEP	*High Susceptibility to Interpersonal Influence*	Mean = 6.59*	na	56/111
	Low Susceptibility to Interpersonal Influence	Mean = 7.53*	na	55/111

** Denotes significant differences at p<.05
* Denotes significant differences at p<.10

susceptibility alone did not predict the use of perceived social approval as a comparison standard during product evaluation. Thus, results did not support H1c or Bearden, Netemeyer, and Teel (1989, 1990).

It was further hypothesized that persons higher in susceptibility to interpersonal influence would rank "what others say" as a more important criterion in post-purchase product evaluation than would persons less susceptible to this influence. Bivariate correlation analysis was performed between the raw SUSCEP scores and the importance of using the perceived social approval criteria. A significant relationship (Pearson's r = .1868; p = .05) in the hypothesized direction was found between the variables. Those persons who scored higher in susceptibility to interpersonal influence ranked "what other people say . . ." as a more important evaluation criterion, than persons lower in susceptibility to influence. An additional one-way ANOVA was performed on the mean rankings categorizing the participants into high and low susceptibility groups (using a median split on SUSCEP score). Those persons high in susceptibility to interpersonal influence ranked perceived social approval as a more important criterion (mean = 6.59) than did persons low in susceptibility (mean = 7.53) (See Table 1). These differences were marginally significant (F = 3.006; p = .086). Therefore, H1d received weak support.

Additional analysis on this data sought to examine the interactive relationship between the public/private-ness of the product and a person's susceptibility to interpersonal influence, during post-purchase evaluation. Results were mixed. A z-test of proportions examining the percent of respondents selecting perceived social approval as a comparison standard, was conducted on each of the relationships within the 2 x 2 (high/low susceptibility x public/private product) analysis. The z-test revealed only one significant difference (α = .05). As predicted in the hypothesis, under high susceptibility to interpersonal influence, a significantly higher percent (z = 2.21) of respondents selected perceived social approval as a comparison standard for public products (34.5%) than for private products (10.9%), supporting H1e (See Table 2). However, additional ANOVA results of the importance

Table 2
Results of Interactive Relationship Between Product and Susceptibility in Post-Purchase Evaluation

	High Susceptibility to Interpersonal Influence	Low Susceptibility to Interpersonal Influence	Total
Public Product (row proportion) (col proportion)	20/28 (.345)** (.351)	16/30 (.275) (.286)	36/58
Private Product (row proportion) (col proportion)	6/29 (.109)** (.105)	8/26 (.145) (.143)	14/55
Total	26/57	24/56	50/113

** Denotes significant differences at $p<.05$

Table 3
Importance of Others' Comments by Product and Susceptibility to Interpersonal Influence

		Mean	N
High Susceptibility	*Public Product*	5.41	27
	Private Product	7.69	29
Low Susceptibility	*Public Product*	7.00	29
	Private Product	8.12	26

Note: Lower mean score denotes higher ranking of importance

Table 4
Post-Purchase Satisfaction Results

		Use Other's Comments	Do not use Other's Comments	Sample Size
Post-Purchase Satisfaction	*Public Product* (col %)	38*** (76.0%)	20 (32.3%)	58/112
	Private Product (col %)	12*** (24.0%)	42 (67.7%)	54/112
Use of Comments x SUSCEP	*High Susceptibility to Interpersonal Influence*	30* (52.6%)	27* (47.4%)	57/112
	Low Susceptibility to Interpersonal Influence	20* (36.4%)	35* (63.6%)	55/112

*** Denotes significant differences at $p<.01$
* Denotes significant differences at $p<.10$

Table 5
Use of Others' Comments Based on Product and Susceptibility in Post-Purchase Satisfaction Determination

	High Susceptibility to Interpersonal Influence	Low Susceptibility to Interpersonal Influence	Total
Public Product	22/28	16/30	38/58
(row proportion)	(.379)**	(.533)	
(col proportion)	(.386)	(.291)	
Private Product	8/29	4/25	12/54
(row proportion)	(.148)**	(.074)	
(col proportion)	(.140)	(.072)	
Total	30/57	20/55	50/112

** Denotes significant differences at p<.05

ranking of perceived social approval revealed a main effect for product public-/privateness (F = 10.75; p = .001) and a marginal main effect for high/low susceptibility (F = 3.793; p = .054), but no product x score interaction (F = 1.268; p = .263). Therefore, H1e is partially supported.

Satisfaction Determination

Participants' use of perceived social approval was also examined during the determination of product satisfaction. Participants suggested they used other people's comments more on public than private products during satisfaction determination ($\chi^2 = 21.211$; p = .000) (See Table 4). Seventy-six percent of respondents used interpersonal influence when determining satisfaction with-public products, versus 21% who used influence with private products. Therefore, H2a was supported.

A Chi-Square analysis examined the relationship between a person's high or low susceptibility to interpersonal influence and his or her use of perceived social approval during product satisfaction determination. The findings revealed marginally significant differences between high and low susceptibility in people's use of perceived social approval, $\chi^2 = 2.997$; p = .083 (See Table 4). Therefore, H2b is only weakly supported.

Finally, a relationship was hypothesized such that persons scoring high in susceptibility to interpersonal influence will use perceived social approval more as a comparison standard for public products (37.9%) than for private products (14.8%), during satisfaction determination (z = 2.05; α = .05) (See Table 5). For respondents scoring low in susceptibility to interpersonal influence there were no differences. Therefore, H2c was supported.

These findings, during both post-purchase evaluation and satisfaction determination, support Bearden and Etzel's (1982) suggestion that public products would generate more use perceptive social approval as a post-purchase comparison standard was not just an artifact of the original interviews. Results of this study suggest that some individuals in the population are concerned with the opinions and attitudes of others regarding purchased products, and that these individuals may seek out validating information for some products during post-purchase evaluation and satisfaction determination.

DISCUSSION

This study found evidence which not only supports, but adds additional information to the previous studies of both Bearden and Etzel (1982) and Bearden, Netemeyer and Teel (1989, 1990), now extended to a post-purchase evaluative situation. With regard to the public- or private-ness of a product, Bearden and Etzel (1982) suggest that a consumer's use of interpersonal information is context specific. If the product is to be displayed or consumed in a public setting where its use reflects the consumer's image, then the consumer will likely seek out information from others. In the case of private products, interpersonal information is often not sought.

Product Evaluation

This study found an interesting relationship between public-/privateness of the product and the susceptibility to interpersonal influence personality trait, during post-purchase product evaluation. A consumer's susceptibility to interpersonal influence *alone* does not appear to be a good predictor of the use of perceived social approval as a comparison standard during product evaluation. However, persons who were higher in susceptibility to interpersonal influence ranked others' opinions as a more important evaluation criterion, and used the opinions more during the evaluation of public products than during the evaluation of private products. Persons who were lower in susceptibility to interpersonal influence ranked interpersonal influence as a much less important evaluation criterion across both public and private products.

Satisfaction Determination

Individuals also appear to use perceived social approval as a comparison standard when determining satisfaction with a purchased product. As in post-purchase evaluation, the public-/private-ness of the product appears to be a strong influencing factor in a person's use of perceived social approval. Public products are evaluated using perceived social approval more than private products. There was more support for the influencing role of susceptibility to interpersonal influence during satisfaction determination than during product evaluation. The moderating role of the personality trait (H2b) was weakly supported by the study results, but strong evidence was found for the interaction of susceptibility and public-/private-ness of the product (H2c).

It appears that a key factor explaining the use of perceived social approval is more likely to be the public/private-ness of the product than susceptibility to interpersonal influence. The main effect of public/private-ness was strong enough to over-shadow or weaken interaction effects between product public/private-ness and susceptibility to interpersonal influence during product evaluation. However, the study did reveal that for individuals high in susceptibility to interpersonal influence, public products prompt a magnification of the attention to other people's opinions that may not be seen with private products.

This study's findings lead to the suspicion that a person who is more susceptible to interpersonal influence, and seeks out opinions and validation from others when evaluating public products, may exhibit a lack of confidence in a potentially social-image-threatening situation and a need to transfer the validation process to someone else. Some original interviewees suggested that using one's perception of what others will think is a common action among all consumers during post-purchase evaluation and satisfaction determination.

An interesting phenomenon that appeared in the non-hypothesized results was a positive correlation between high susceptibility to interpersonal influence and the use of other brands as a comparison standard (Pearson's = .3296; p = .014). This finding suggests that individuals who are keenly aware of, and seek out, information from others regarding purchase and evaluation decisions, may also exhibit high brand awareness. This potential relationship suggests the opportunity for further exploration and research.

Limitations

This study was proposed as an examination of a phenomenon that arose during interviews conducted as part of a different study. Its overall goal was to ascertain whether the phenomenon existed in a larger population, or whether it was an artifact of the interviews. Although this overall goal was achieved, and evidence was presented that the phenomenon exists, this study still has certain limitations.

First, this study was conducted using a student sample. Although this sampling technique is appropriate for theory-building studies such as this, the argument can be made that college students as a segment are more susceptible to interpersonal influence than the larger population (Park and Lessig 1977).

Another limitation of the study may lie in its use of a projective scenario questionnaire format. There is an assumption built into projective techniques that respondents project their values and attitudes in considering situations involving others. It is possible, despite supportive evidence for the assumption, that this was not the case. Additionally, some respondents may second-guess the projective technique and due to concern over self-reporting, understate their own level of susceptibility to influence, increasing social desirability bias.

Recommendations for Future Research

Because this study was an exploration of the existence of perceptive social approval as a comparison standard in post-purchase contexts, opportunities abound for additional research on this subject. First, this study needs further external validation through replication in a larger, non-student sample. Age and gender differences may exist in the use of perceived social approval as a comparison standard, variables not tested in this study.

Second, an opportunity exists for further studies that utilize testing methods other than projective scenarios. The existence of perceived social approval was suggested in interviews, but was not probed in those interviews. Qualitative research that probes for more depth of explanation about reliance on perceived social approval could lend interesting insights about reference individuals/groups and products.

Finally, there is a need for similar studies examining other types of public and private products. The use of an interview suit may have over-exaggerated the use of perceived social approval with this sample. Studies examining multiple products of varying levels of public-/private-ness would be very beneficial and could produce further insights into the depth of this phenomenon.

CONCLUSION

This study found clear evidence for perceived social approval as a comparison standard in post-purchase product evaluation and satisfaction determination. The study also suggests two variables that may have some influence on when perceived social approval is employed. The public- or private-ness of the product appears to have the strongest impact; perceived social approval is used as a standard more for public products than for private products. Additionally, an individual who has higher susceptibility to interpersonal influence appears to use the comparison standard more for public products, than for private products.

REFERENCES

Asch, Solomon E. (1958), "Effects of Group Pressure Upon the Modification and Distortion of Judgments," in *Readings in Social Psychology*, New York: Henry Holt and Company.

Bearden, William O. and Michael J. Etzel (1982), "Reference Group Influences on Product and Brand Purchase Decisions," *Journal of Consumer Research*, 9 (September), 183-194.

Bearden , William O., Richard G. Netemeyer and Jessee E. Teel (1989), "Measurement of Consumer Susceptibility to Interpersonal Influence," *Journal of Consumer Research*, 15 (March), 473-481.

Bearden, William O., Richard G. Netemeyer and Jesse E. Teel (1990), "Further Validation of the Consumer Susceptibility to Interpersonal Influence Scale," in *Advances in Consumer Research*, 17, ed., Marvin E. Goldberg et. al., Provo UT: Association for Consumer Research, 770-776.

Bearden, William O. and Randall L. Rose (1990), "Attention to Social Comparison Information: An Individual Difference Factor Affecting Consumer Conformity," *Journal of Consumer Research*, 16 (March), 461-71.

Bearden, William O. and Jesse E. Teel (1983), "Selected

Determinants of Consumer Satisfaction and Complaint Reports," *Journal of Marketing Research*, 20 (February), 21-28.

Blumer, Herbert (1962), "Society as Symbolic Interaction," in *Human Behavior and Social Processes: An Interactionist Approach*, ed. Arnold M. Rose, Boston: Houghton Mifflin.

Bone, Paula Fitzgerald (1995), "Word-of-Mouth Effects on Short-term and Long-term Product Judgments," *Journal of Business Research*, 32, 213-223.

Bourne, Francis S. (1957), "Chapter VI: Group Influence in Marketing and Public Relations," in *Some Applications of Behavioral Research*, Rensis Likert and Samuel P. Hayes, Jr., eds., Switzerland: United Nations Educational, Scientific and Cultural Organization.

Burnkrant, Robert E. and Alain Cousineau (1975), "Informational and Normative Social Influence in Buyer Behavior," *Journal of Consumer Research*, 2 (December), 206-15.

Burnkrant, Robert E. and Thomas J. Page, Jr. (1982), "On the Management of Self Images in Social Situations: The Role of Public Self Consciousness," in *Advances in Consumer Research*, 9, ed. Andrew Mitchell, Ann Arbor, MI: Association for Consumer Research, 452-455.

Cadotte, Ernest, Robert B. Woodruff and Roger L. Jenkins (1982), "Norms and Expectation Predictions: How Different Are the Measures?" in *International Fare in Consumer Satisfaction and Complaining Behavior*, Ralph L. Day and H. Keith Hunt, eds., Bloomington, IN: Indiana University, School of Business, 49-56.

Cadotte, Ernest, Robert B. Woodruff and Roger L. Jenkins (1987), "Expectations and Norms in Models of Consumer Satisfaction," *Journal of Marketing Research*, 24 (August), 305-314.

Calder, Bobby J. and Robert E. Burnkrant (1977), "Interpersonal Influence on Consumer Behavior: An Attribution Theory Approach," *Journal of Consumer Research*, 4 (June), 29-38.

Childers, Terry L. and Akshay R. Rao (1992), "The Influence of Familial and Peer-based Reference Groups on Consumer Decisions," *Journal of Consumer Research*, 19 (September), 198-211.

Clemons, C. Scott (1994), "Expanding the Model of Consumer Satisfaction and Dissatisfaction: The Means-End Disconfirmation Model of CS/D, unpublished dissertation, University of Tennessee, Knoxville.

Cooley, Charles H. (1922), *Human Nature and the Social Order*, New York: Scribner.

Day, Ralph H. (1982), "The Next Step: Commonly Accepted Constructs for Satisfaction Research," in *International Fare in Consumer Satisfaction and Complaining Behavior*, R. L. Day and H. Keith Hunt, eds., Bloomington, IN: Indiana University, School of Business, Dept. of Marketing, 113-117.

Festinger, Leon (1954), "A Theory of Social Comparison Processes," *Human Relations*, 7, 117-140.

Fishbein, Martin, and I. Ajzen (1975), *Belief, Attitude, Intention, and Behavior*, Reading, MA: Addison-Wesley Publishing Company.

Fisher, Robert J. (1993), "Social Desirability Bias and the Validity of Indirect Questioning," *Journal of Consumer Research*, 20 (September), 303-315.

Fisher, Robert J. and Gerard J. Tellis (1998), "Removing Social Desirability Bias With Indirect Questioning: Is the Cure Worse than the Disease?" in *Advances in Consumer Research*, 25, Joseph W. Alba and J. Wesley Hutchinson, eds., 563-567.

Gergen, Kenneth J. (1970), *Personality and Social Behavior*, Kenneth J. Gergen and David Marlowe, eds. Reading, MA: Addison-Wesley Publishing Company.

Goffman, Erving (1959), *The Presentation of Self in Everyday Life*, Garden City, NY: Doubleday, Anchor Books.

Grubb, Edward L. and Bruce L. Stern (1971), "Self-Concept and Significant Others," *Journal of Marketing Research*, 8 (August), 382-385.

Halstead, Diane and Cheryl B. Ward (1996), "Comparison Standards in Consumer Satisfaction Research: A Review and Proposed Typology," in *1996 AMA Winter Educators' Conference Proceedings*, E. A. Blair and W. A. Kamakura, ed., 240.

LaTour, Stephen A. and Nancy C. Peat (1980), "The Role of Situationally-Produced Expectations, Others' Experiences, and Prior Experience in Determining Consumer Satisfaction," in *Advances in Consumer Research*, 7, Jerry C. Olsen, ed., Ann Arbor, MI: Association for Consumer Research, 588-592.

Mead, George H. (1934), *Mind, Self, and Society*, Chicago: University of Chicago Press.

Midgley, David F. (1983), "Patterns of Interpersonal Influence Seeking for the Purchase of a Symbolic Product," *Journal of Marketing Research*, 20 (February), 74-83.

Miller, John A. (1979), "Studying Satisfaction, Modifying Models, Eliciting Expectations, Posing Problems, and Making Meaningful Measurements," in *Conceptualization and Measurement of Consumer Satisfaction and Dissatisfaction*, H. Keith Hunt, ed., Cambridge, MA: Marketing Science Institute, 72 - 91.

Oliver, Richard L. (1977), "Effect of Expectation and Disconfirmation on Post Product Evaluations: An Alternative Interpretation," *Journal of Applied Psychology*, 62 (August), 480-486.

Oliver, Richard L. (1980), "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions," *Journal of Marketing Research*, 17 (November), 460-469.

Olshavsky, Richard and Richard A. Spreng (1989), "A 'Desires as Standards' Model of Consumer Satisfaction," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 2, 49-54.

Olson, Jerry C. and Phillip A. Dover (1976), "Disconfirmation of Consumer Expectations Through Product Trial," *Journal of Applied Psychology*, 64 (April), 179-189.

O'Shaughnessy, John (1987), *Why People Buy*, New York: Oxford University Press.

Park, C. Whan and V. Parker Lessig (1977), "Students and Housewives: Differences in Susceptibility to Reference Groups," *Journal of Consumer Research*, 4 (September), 102-110.

Prakash, Ved (1984), "Validity and Reliability of the Confirmation of Expectations Paradigm as a Determinant of Consumer Satisfaction," *Journal of the Academy of Marketing Science*, 12 (Fall), 63-76.

Reingen, Peter H., Brian L. Foster, Jacqueline Johnson Brown and Stephen B. Seidman (1984), "Brand Congruence in Interpersonal Relations: A Social Network Analysis," *Journal of Consumer Research*, 11 (December), 771-783.

Sirgy, M. Joseph (1984), "A Social Cognition Model of Consumer Satisfaction/ Dissatisfaction," *Psychology and Marketing*, 1 (Summer), 27-44.

Spreng, Richard A. and Richard W. Olshavsky (1993), "A Desires Conguency Model of Consumer Satisfaction," *Journal of the Academy of Marketing Science*, 21 (Summer), 169-177.

Suh, Kunsoo, Sanghoon Kim and Jinjoo Lee (1994), "End-User's Disconfirmed Expectations and the Success of Information Systems," *Information Resources Management Journal*, 7 (Fall), 30-39.

Summers, John and Donald Granbois (1977), "Predictive and Normative Expectations in Consumer Dissatisfaction and Complaining Behavior," in William D. Perreault, ed., *Advances in Consumer Research*, 4, Ann Arbor, MI: Association for Consumer Research, 155-158.

Swan, John E. (1988), "Consumer Satisfaction Related to Disconfirmation of Expectations and Product Performance," *Journal of Consumer Satisfaction, Dissatisfaction, and Complaining Behavior*, 1, 40 - 47.

Swan, John E. and I. Frederick Trawick (1981), "Satisfaction Explained by Desired vs Predictive Expectations," in *The Changing Marketing Environments: New Theories and Applications*, eds., Kenneth Brenhardt, et. al., Chicago, IL: American Marketing Association, 47, 170-173.

Tse, David K. and Peter C. Wilton (1988), "Models of Consumer Satisfaction Formation: An Extension," *Journal of Marketing Research*, 25 (May), 204-212.

Webster, Frederick E., Jr. (1975), "Determining the Characteristics of the Socially Conscious Consumer," *Journal of Consumer Research*, 2 (December), 188-96.

Westbrook, Robert A. (1987), "Product/Consumption-Based Affective Responses and Postpurchase Processes," *Journal of Marketing Research*, (August), 258-270.

Westbrook, Robert A. and Michael D. Reilly (1983), "Value-Percept Disparity: An Alternative to the Disconfirmation of Expectations Theory of Consumer Satisfaction," *Advances in Consumer Research*, 10, ed. Richard P. Bagozzi and Alice M. Tybout, Ann Arbor, MI: Association for Consumer Research, 256-262.

Woodruff, Robert B., Ernest R. Cadotte and Roger L. Jenkins (1983), "Modeling Consumer Satisfaction Processes Using Experience-Based Norms," *Journal of Consumer Research*, 20 (August), 296-304.

Woodruff, Robert B., C. Scott Clemons, David W. Schumann, Sarah F. Gardial and Mary Jane Burns (1991), "The Standards Issue in CS/D Research: A Historical Perspective," *Journal of Consumer Satisfaction, Dissatisfaction, and Complaining Behavior*, 4, 103-109.

Woodruff, Robert B. and Sarah F. Gardial (1996), *Know Your Customer: New Approaches to Understanding Customer Value and Satisfaction*, Cambridge, MA: Blackwell Publishers, Inc.

Send correspondence regarding this article to:
Sabrina M. Neeley
School of Mass Communications
Box 43082
Texas Tech University
Lubbock, TX 79409-3082

APPENDIX A
QUESTIONNAIRE

General Instructions

We are interested in understanding the criteria people use to judge products. On the next page you will be provided with a scenario of a typical college student and a product. Please respond to all four questions on the following page.

Note: (each subject received one questionnaire. The four versions of the questionnaire were identical except for the changed product [suit, automobile, television set, bath towels]).

Chris has just bought a new television set. Which of the following criteria will Chris likely use to evaluate the purchase? Please check all that apply below.

_____ Expectation of what the TV would be like
_____ How the TV works when used
_____ Anticipated or predicted future use of the TV
_____ How well the TV met what Chris wanted
_____ What other people say about the TV
_____ Chris's experience with other TVs purchased in the past
_____ The benefits that Chris receives from the TV
_____ What the advertising or sales clerk promised the TV would do
_____ How well the TV performs in comparison to other TVs of the same brand
_____ How well the TV compares to other brands
_____ Other (please specify)

How do you think Chris would rank the importance of the criteria in evaluating the TV purchase? Please rank below, on a scale of 1 to 10 (with 1 being the most important criteria), how you think Chris would evaluate *the TV.*

_____ Expectation of what the TV would be like
_____ How the TV works when used
_____ Anticipated or predicted future use of the TV
_____ How well the TV met what Chris wanted
_____ What other people say about the TV
_____ Chris's experience with other TVs purchased in the past
_____ The benefits that Chris receives from the TV
_____ What the advertising or sales clerk promised the TV would do
_____ How well the TV performs in comparison to other TVs of the same brand
_____ How well the TV compares to other brands
_____ Other (please specify)

Chris is trying to determine overall satisfaction with the TV purchase. Which of the following criteria do you think Chris will use for this determination? Check all that apply.

_____ Expectation of what the TV would be like
_____ How the TV works when used
_____ Anticipated or predicted future use of the TV
_____ How well the TV met what Chris wanted
_____ What other people say about the TV
_____ Chris's experience with other TVs purchased in the past
_____ The benefits that Chris receives from the TV
_____ What the advertising or sales clerk promised the TV would do
_____ How well the TV performs in comparison to other TVs of the same brand
_____ How well the TV compares to other brands
_____ Other (please specify)

Where do you think Chris would get the information that is important in evaluating the TV? Please write in the space below where you think the criteria information would come from.

APPENDIX B
CONSUMER SUSCEPTIBILITY TO INTERPERSONAL INFLUENCE*

(Bearden, Netemeyer, and Teel 1989)

1. I often consult other people to help choose the best alternative available from a product class.

2. If I want to be like someone, I often try to buy the same brands that they buy.

3. It is important that others like the products and brands I buy.

4. To make sure I buy the right product or brand, I often observe what others are buying and using.

5. I rarely purchase the latest fashion styles until I am sure my friends approve of them.

6. I often identify with other people by purchasing the same products and brands they purchase.

7. If I have little experience with a product, I often ask my friends about the product.

8. When buying products, I generally purchase those brands that I think others will approve of.

9. I like to know what brands and products make a good impression on others.

10. I frequently gather information from friends or family about a product before I buy.

11. If other people can see me using a product, I often purchase the brand they expect me to buy.

12. I achieve a sense of belonging by purchasing the same products and brands that others purchase.

Notes: Normative factor items are 2, 3, 5, 6, 8, 9, 11, and 12; informational factor items are 1, 4, 7, and 10.

* The CONSUMER SUSCEPTIBILITY TO INTERPERSONAL INFLUENCE scale by Bearden, Netemeyer, and Teel (1989) is reprinted with permission from the *Journal of Consumer Research*, University of Chicago Press.

VALUE ASSESSMENT: THE ANTECEDENT OF CUSTOMER SATISFACTION

Ellen Day, The University of Georgia
Melvin R. Crask, The University of Georgia

ABSTRACT

If customer satisfaction is viewed as an outcome, then focusing discussion on its antecedents is necessary to effect desired outcome. We take the position that dis/satisfaction is largely based on an assessment of value. Although a core concept in marketing, surprisingly little is known about what value is, what its characteristics are, or how consumers determine it. The purpose of this paper is to (1) present our synthesis of the value-related literature, including several postulates summarizing extant knowledge; (2) describe our proposal to reconceptualize the value assessment process in terms of perceived risk, and (3) present suggestions for future research.

INTRODUCTION

The importance of customer satisfaction is unarguable. However, if customer satisfaction is viewed as an outcome variable, then focusing discussion and research on antecedents to and determinants of customer satisfaction is necessary to effect the desired outcome. Taking the position that dis/satisfaction is largely based on a value analysis prior to and during purchase and consumption, we have undertaken a major review and evaluation of both the academic and practitioner-oriented literature related to the value construct. We believe that understanding the value assessment process can lead to a better understanding of the process that begets dis/satisfaction. The purpose of this paper is to present our synthesis of the value-related literature, including several postulates summarizing extant knowledge. In addition, we describe our reconceptualization of the value construct and provide suggestions for future research.

We are not the first to suggest the link between value and dis/satisfaction. Jones and Sasser (1995), for example, implicitly equate complete satisfaction with outstanding value, which fortifies our linking value to satisfaction, as well as our position that it is more important to focus on the process that yields some degree of dis/satisfaction than it is to focus on the outcomes themselves. Simply put, outcomes can be influenced only by influencing the antecedent process. Furthermore, despite a potentially strong relationship between perceived value and customer satisfaction, Woodruff (1997) acknowledges that the integration of the concepts has been relatively recent and profiles the relationship in a disconfirmation-type satisfaction model. In addition, he stresses both the importance of focusing on the customer evaluation process to gain strategic insights into customer satisfaction and the utility of conceiving the customer evaluation process in terms of desired and received value. Practitioners, too, have recognized the value-satisfaction relationship and have begun to augment (traditional) customer satisfaction research with customer value measurement, because value-oriented research addresses broader issues relating to how customers select and evaluate products and services (Vayslep 1996).

VALUE, A CORE CONCEPT

The importance of understanding customer value is underscored in numerous journal articles (cf. Slater and Narver 2000; Parasuraman and Grewal 2000), conference presentations (cf. Kashyap and Bojanic 2000; Huber and Herrmann 2000), books (e.g., Anderson and Narus 1999), and discussions in the business press (e.g., Sinanoglu 1995) on the topic. However, despite the many articles and the centrality of the value concept in marketing, there is still relatively little knowledge about what value is, what its characteristics are, or how consumers determine it. As the first step in addressing these issues, we have augmented Woodruff and Gardial's (1996) extensive literature review and attempted an explication of the value assessment process.

COMMON THREADS

A review of the literature on value reveals a wide diversity of opinions and many speculative assertions, yet one also finds that many authors hold views in common and many of their assertions seem plausible. We label these common threads "tenets" since they are, indeed, unproven opinions that we, and at least a few others, hold to be true.

Tenet 1: No accepted definition of value exists.

Everyone who has written about value seems compelled to create a unique definition of the concept. For instance, value has been defined as: (1) utility based on what is given and what is received (Zeithaml 1988); (2) perceived benefits received relative to the price paid (Monroe 1990); (3) perceived worth received in exchange for the price paid (Anderson, Jain, and Chintagunta 1993); (4) market-perceived quality relative to price (Gale 1994); (5) an emotional bond established between a customer and a producer (Butz and Goodstein 1996); (6) a perceived tradeoff between the positive and negative consequences of product use (Woodruff and Gardial 1996); and (7) a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations (Woodruff 1997). The existence of so many definitions makes a scientific discourse on value difficult because researchers may be discussing two completely different constructs, depending on how each defines value. Furthermore, as Woodruff (1997) points out, many of these definitions rely on other subjective terms such as consequences, market-perceived quality, utility, emotional bond, perceived worth, and perceived benefits, so that two researchers using the same definition might still be viewing value differently, depending on how these other terms have been defined.

We favor Woodruff s 1997 definition (number 7 above), although we prefer making explicit the cost component of evaluation; hence, we suggest adding "in view of resources expended" to that definition. One benefit of using this definition is that it contains no vague or ill-defined terms or concepts. It also consolidates several common aspects of other definitions, as well as accounts for many of the idiosyncratic aspects of each. For instance, even without our preferred explicit reference to resource expenditure the "evaluation" aspect of the definition is consistent with the "benefits minus costs" context in which value is commonly framed (cf., Shapiro and Jackson 1978; Christopher 1982; Zeithaml 1988; Anderson, Jain and Chintagunta 1993; Gate 1994; Lai 1995, Woodruff and Gardial 1996; Peter and Donnelly 1998). The "goals and purposes in use situations" aspect of the definition is congruent with those that define value as an estimate of the capacity to satisfy specific wants and needs (e.g., Boyd, Walker, and Larreche 1995). By incorporating perceived preferences, the definition implicitly allows for ordering or weighting of the perceived benefits according to their importance, a component of some value definitions (cf., Anderson, Jain, and Chintagunta 1993; Lai 1995).

Tenet 2: Value is a unique concept, but the term is often mistakenly interchanged with other concepts.

Without knowing what value is, we cannot know what it is not. That is, because the concept has been so loosely defined, people often interchange the term with other concepts such as quality, satisfaction, and values. Zeithaml (1988) was the first to note that researchers often treat the concepts of value and quality as synonyms, a finding confirmed by others (e.g., Peter and Donnelly 1998). The true distinction between the two concepts has been succinctly clarified by Band (199 1) who states, "quality ... [is] the means, but value for the customer is the end." That is, quality can lead to value, but is not equivalent to it.

Similarly, value and satisfaction are related, but distinct, concepts that should not be used interchangeably. Value derives from the consumer's assessment of an object's benefits and costs, whereas satisfaction is a reaction to the value actually received from purchase or usage at a given point in time. That is, satisfaction, considered by many (e.g., Rust, Zahorik, and Keiningham 1996) to be an emotional response, is generated through the delivery of value. A further distinction between value and satisfaction is that value can be measured before, during, or after consumption but satisfaction can only be assessed after consumption. Thus, it is likely that instruments measuring customer satisfaction provide poor approximations of customer value (Woodruff and Gardial 1996).

Finally, value is a different concept from values. Holbrook (1994) did an excellent job of clarifying this difference when he stated that "value refers to a preference judgement; values refers to the 'criteria' by which such judgements are made." Thus, as was the case with the concepts of quality and satisfaction, value is related to, but distinct from, the concept of values. The value a consumer perceives in an item is driven by the values held by that consumer.

Tenet 3: Value is perceptual.

The perceptual nature of value is probably the most universally accepted aspect of the concept. Indeed, some authors even use the terms "perceived value" or "value judgements" when discussing the concept (cf., Zeithaml 1988, Woodruff and Gardial 1996; Parasuraman and Grewal 2000). What may not be as obvious, though, is that the perceptual nature of the concept also carries over to the consumer's evaluation of both the costs and the benefits that the consumer associates with an object (e.g., Lai 1995). That is, one cannot assume that objectively defined levels of either costs or benefits are perceived as such by consumers since perceptual distortion of reality is a well documented phenomenon.

Tenet 4: Value is situationally and temporally determined.

Situational influences on choice behavior have been well established. Thus, the perceived value of a brand can be expected to vary across different types of purchase situations because attribute performance, consequences of use, and consumption goals also vary. However, even for the same type of purchase situation, the value of a brand can change over time based upon the consumer's past experiences or satisfaction with the brand in that use situation. Woodruff and Gardial (1996) suggest that a reduction in perceived value over time is the most common outcome of multiple experiences, leading to brand or supplier switching.

Tenet 5: Consumers make tradeoffs when assessing value.

If, in fact, consumers assess value by weighing the benefits received against the costs incurred, then a consumer can be faced with a situation where one or more benefits must be reduced or even sacrificed completely in return for larger amounts of other benefits. Most authors acknowledge the existence of such tradeoffs (cf., Zeithaml 1988; Woodruff and Gardial 1996; Woodruff 1997). Some authors have also suggested that the value a consumer perceives in an object cannot be determined unless the tradeoffs the customer is willing to make are known (Woodruff and Gardial 1996) and that consumers trade off less salient benefits or consequences in order to maximize those that are more salient (Sheth, Newman, and Gross 199 1). The principles of prospect theory would also imply that negative consequences of ownership/usage will be evaluated differently from gains, leading some authors to suggest that it is critical to frame a product or service in terms of value added, not costs incurred (e.g., Smith and Nagle 1995).

Tenet 6: Value is created by consumption or by possession.

Consumers sometimes attribute value to an item because its consumption or usage serves as a means to an end. Woodruff and Gardial (1996) denote this as "value-in-use," while Holbrook (1994) calls it "extrinsic" value. For other items, value is attributed merely to ownership. This appreciation of an object for its own sake has been termed "intrinsic" value (Holbrook 1994) or "possession" value (Woodruff and Gardial 1996).

The evaluation process for value-in-use objects is likely to be different from that for possession objects. It seems logical that value-in-use objects, being instrumental in nature, would be evaluated against instrumental values (see, e.g., Rokeach 1979). That is, since value-in-use purchases are means to ends and are not themselves ends, they must be evaluated in terms of the expected consequences of their uses with respect to terminal values. Because these consequences cannot be known with certainty, they must be estimated by examining attributes and costs, factoring in knowledge acquired from past experiences. Possession objects, in contrast, are evaluated directly against terminal values since ownership is an end, not a means to an end. And, some objects are, simultaneously, value-in-use and possession objects.

Tenet 7: Multiple costs and benefits contribute to value.

Although some authors have stated that price paid is the cost against which the consumer compares benefits received (cf., Anderson, Jain, and Chintagunta 1993; Assael 1995; Housel and Kanevsky 1995), it seems more plausible that multiple costs are considered by consumers. Both Zeithaml (1988) and Lai (1995) suggest, for instance, that time costs, psychic costs, and human energy costs all could be traded off against price. For some products, usage costs, maintenance costs, and disposal costs could also be factored into the decision (Best 1997). Woodruff and Gardial (1996) make the general statement that every positive consequence expected but not received creates a negative consequence, which tacitly introduces a related notion, perceived risk, whereby the chance of not receiving a desired benefit is considered along with the associated resource expenditures.

One other point about price needs to be clarified. Although it has been suggested that price paid is a good proxy measure of value (e.g., Housel and Kanevsky 1995), closer examination indicates that this is not necessarily true. Consumers might trade off other costs against price to determine a maximum amount they would be willing to pay, but this is not necessarily the price they actually do pay. In a fixed-price economy, the price paid might be significantly lower than what the consumer would be willing to pay. Therefore, two consumers making the same purchase at the same price could see vastly different amounts of value in the item purchased if the amounts they would be willing to pay differ significantly.

These tenets serve to summarize, and to some extent reconcile, diverse views on the meaning and characteristics of value. Sufficient agreement on key notions provides a reasonably solid foundation for exploring value assessment. To define and conceptually grasp the essence of customer value may be intellectually satisfying, but the development of either theory or strategy is predicated on an understanding of the process(es) by which customers judge value. Clearly perceptions of benefits and costs are key to such assessments.

PERCEIVED BENEFITS

When considering the benefits received, there is nearly total agreement that multiple benefits are considered by the consumer when determining the value of an item. However, there is little agreement as to what these benefits are, and various authors have categorized these benefits in unique fashions. Furthermore, many of these authors describe benefits as object or consumption values, but they do not meet the criteria of value since no acquisition costs are included; they are merely lists of what is received through acquisition or consumption.

Perhaps the simplest categorization of benefits was presented by Nilson (1992). He suggests that benefits can be derived from the attributes of the object (tangible value) or from aspects attributed to the object (intangible value). However, he does not attempt to develop a more refined typology of what creates these tangible and intangible values.

Palmroth (1991) went further in delineating the types of benefits that can be created. He suggests that consumers seek the following in the objects they acquire:

> Safety - protection from physical danger, financial loss, mental discomfort, or emotional anguish;
>
> Performance - how well the object does what it is intended to do;
>
> Appearance - how the product looks to the buyer and how it will make the buyer look to others;
>
> Comfort - physical and mental comfort, ease and convenience;
>
> Economy - value for money; and
>
> Durability - how long the object will continue to provide the desired benefits.

Examination of these benefits and their definitions reveals that they are consistent with the tangible/intangible dichotomy. Some benefits, such as performance and durability, derive directly from the attributes of the object, while other benefits, such as comfort and safety, are aspects attributed to the object.

Sheth, Newman, and Gross (1991) identified five benefits that they call consumption values. These are:

> Functional value - the perceived utility acquired by an alternative due to its ability to perform its functional, utilitarian, or physical purposes.
>
> Social value - the perceived utility acquired by an alternative as a result of its association with one or more specific social groups.
>
> Emotional value - the perceived utility acquired by an alternative as a result of its ability to arouse feelings or affective states.
>
> Epistemic value - the perceived utility acquired by an alternative as a result of its ability to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge.
>
> Conditional value - the perceived utility acquired by an alternative as a result of the specific situation or context faced by the choice maker.

This typology not only fits the tangible/intangible dichotomy but also adds some aspects that are consistent with the tenets we proposed earlier. For instance, their conditional value specifically addresses the situational nature of value, while emotional value captures the notion that some objects are acquired for possession value, not value-in-use. In an attempt to create a more inclusive list, Lai (1995) added two additional consumption values to the Sheth, Newman, and Gross (1991) typology: hedonic value - the perceived utility acquired by an alternative due to its ability to create fun, pleasure, or distraction from work or anxiety; and holistic value - the perceived utility acquired by a alternative due to its ability to complement or be consistent with other objects owned or used by the consumer.

Finally, Holbrook (1994) described eight types of customer benefits or value:

> Efficiency - value resulting from manipulating something as a means to a self-oriented end.
>
> Excellence - personal satisfaction associated with the admiration of the characteristics of an object because they provide a means to an end.

Politics - value resulting from manipulating something as a means to the other-oriented end of achieving a favorable response from someone else.

Esteem - value arising from the contemplation of one's own status or prestige as reflected in the opinion of others.

Play - value derived from the pleasure of engaging in some activity.

Esthetic - value achieved by admiring something not as a means to an end but because it provides value in itself.

Morality - value achieved by doing things because they are the "right" things to do, not because they gain us favor with others.

Spirituality - doing things because of the value of faith or religious ecstasy.

Holbrook's typology is interesting because it allows an easier adaptation to a broader range of consumption experiences, such as religion, the arts, and leisure activities. However, by expanding to this more abstract level, it is more difficult to compare it directly to other benefit typologies.

VALUE RECONCEPTUALIZED

The Marketing Science Institute (1999), among others, has identified key topics and issues on which research is encouraged. Understanding the customer experience -specifically, understanding both value from a customer/ consumer perspective and customer satisfaction - is one of those research priorities. In addition, based on his extensive review of value-related literature, Woodruff (1997) has called for more research that can help develop richer customer value theory, as well as better tools with which value can be measured. In response to these imperatives, we propose a reconceptualization of the value construct based on our review and evaluation of the relevant academic literature, as well as our assessment of practitioners' efforts to measure value. Specifically, we posit a relationship between the concepts "value" and "perceived risk" that will facilitate achieving a better understanding of consumer decision-making by reframing value in terms consistent with the manner in which consumers evaluate and choose among alternatives.

Our underlying premise is that consumer decision-making is a risk assessment process. Hierarchical models of consumer behavior link, through a means-end chain, product/service attributes to benefits, benefits to consumption goals, and consumption goals to personal values. In their pursuit of consumption goals, consumers at least implicitly perform a cost-benefit analysis, albeit often holistic and superficial, where costs are equated to the expenditure of consumer resources (money, time, effort, psychic and physical energy) and benefits serve the instrumental role of reaching consumption goals. Consumers, prior to and during the purchase process, as well as during consumption, assess the type and level of perceived risk(s), i.e., the risk of not obtaining the benefits expected at the levels desired, or worse, experiencing unpleasant or unwanted consequences. Such assessments are personal; that is to say, perceived risk, by definition, cannot be objectively determined. Because it is personal, it is also idiosyncratic. Perceived risk can vary across individuals, situations, and types of products or services. Similarly, value is perceptual, and it is situationally and temporally determined, as acknowledged in Tenets 3 and 4. Value, also, is customer-driven; it cannot be objectively assessed.

If value = benefits obtained - resources expended, then obviously the greatest value derives from goods and services that are believed to yield the most benefits and require the least expenditure of consumer resources. However, because neither "benefits obtained" nor "resources expended" can be known prior to purchase and consumption, the consumer faces the risk of making incorrect estimates of either benefits or costs. Consumer decision-making or choice involves a process of identifying types and assessing levels of perceived risk present, then seeking ways in which perceived risk can be reduced. Customer value is therefore provided when risk is reduced. In a similar vein, Hoyer and MacInnis (1997) equate perceived value of a product or service to its perceived relative advantage, noting "[a] product or service offers a relative advantage if it can help consumers avoid risk. . .".

We do not intend to imply that consumers perform a formal analysis in which potential received benefits are compared with required resource expenditures. We do posit, however, that consumers consider the likelihood of (1) a product performing the function desired, (2) physical harm or injury ensuing from product use, (3) gaining approval of others, (4) achieving a sense of self-efficacy, and/or (5) wasting money, time or effort in making a particular choice. That is to say, consumers assess perceived performance (or functional), physical, social, and/or psychological (benefits) risks, as well as the summary resource (costs) risk. Value assessment involves weighing the risks of not obtaining the desired benefits against the resources required to obtain and consume a product or service.

DIRECTIONS FOR FUTURE RESEARCH

Clearly further explication and validation of our reconceptualization of value in terms of perceived risk is needed. Qualitative research with a cross-section of consumers, for example, should either confirm or disconfirm the logic of linking value with perceived risk. Verbal protocols may be particularly effective in determining whether consumer concerns in decision-making align with different types of risk (e.g., performance, psychological or social). If such perceived value-perceived risk connections are established through exploratory studies, then an evaluation of available measures of value is needed. If no suitable general-purpose value scale that possesses good psychometric properties exists, then scale development is required before meaningfully empirical investigation into value-risk relationships can proceed. Ultimately, identifying means by which consumers attempt to reduce risk (i.e., increase received value) and ways in which marketers can attempt to reduce perceived risk (i.e., increase perceived value) should be instrumental in enhancing customer satisfaction.

Examining the meaning of value and explicating the value assessment process may potentially lead to the development of new theory that not only enhances our understanding of consumer value assessment but also provides direction to marketing managers in gaining a competitive advantage and achieving customer satisfaction through value-oriented strategies.

SUMMARY

To recap, we have speculated that value: (1) is a core construct for marketing, (2) has no generally accepted definition, (3) is a unique, higher-order construct that is often mistakenly used synonymously with other constructs, (4) is perceptual, situational, and temporally bound, (5) is created by consumption or possession, and (6) is created through a tradeoff among various costs and benefits. Furthermore, we have reviewed the major attempts at delineating types of benefits and costs associated with these tradeoffs. Like any construct, value has been refined and modified over time. Yet, what we presently know appears to provide little guidance to theory development or strategy formulation. Therefore, considerable work remains. Our conceptualization requires an operational definition of value based on the notion of risk reduction. Then extant measures of the value construct must be evaluated and the development of new scales undertaken if present measures appear inadequate. This, in turn, will provide the foundation for further theory development.

We contend that framing value in terms of perceived risk not only facilitates a better understanding and measurement of value but also better enables the marketing manager to enhance the perceived value of a product or service. In knowing how to manipulate perceived value the marketing manager in turn has knowledge essential to satisfying customers. Jones and Sasser (1995, p. 90) assert, "[raising] the level of customer satisfaction from neutral to satisfied or from satisfied to completely satisfied is not just a matter of doing a better job of delivering the same value or experience that the company is currently delivering." Raising the level of customer satisfaction obviously is predicated upon learning more about value and value assessment.

REFERENCES

Anderson, James C., Dipak C. Jain and Pradeep K. Chintagunta (1993), "Customer Value Assessment in Business Markets: A State-of-Practice Study," *Journal of Business to Business Marketing, 1, 1,* 3-30.

Anderson, James C. and James A. Narus (1999), *Business Market Management: Understanding, Creating and Delivering Value,* Saddle River, NJ: Prentice-Hall.

Assael, Henry (1995), *Consumer Behavior and Marketing Action,* Cincinnati, OH: SouthWestern College Publishing.

Band, William A. (1991), *Creating Value for Customers,* New York: John Wiley.

Best, Roger J. (1997), *Market-Based Management: Strategies for Growing Customer Value and Profitability,* Saddle River, NJ: Prentice-Hall.

Boyd, J., Harper W., Orville C. Walker, Jr. and Jean-Claude Larreche (1995), *Marketing Management: A Strategic Approach with a Global Orientation,* Chicago, IL: Irwin.

Butz, Jr., Howard E. and Leonard D. Goldstein (1996), "Measuring Customer Value: Gaining the Strategic Advantage," *Organizational Dynamics,* 24, Winter, 63-77.

Christopher, Martin (1982), "Value-in-Use Pricing," *European Journal of Marketing,* 16, 5, 35-46.

Gale, Bradley T. (1994), *Managing Customer Value,* New York: Free Press.

Holbrook, Morris B. (1994), "The Nature of Customer Value: An Axiology of Services in the Consumption Experience," in *Service Quality: New Directions in Theory and Practice,* Roland T. Rust and Richard L. Oliver, (Eds.), Thousand Oaks, CA: Sage Publication, 21-71.

Housel, Tom and V. A. Kanevsky (1995), "Re-engineering Business Processes: A Complexity Theory Approach to Value Added," *INFOR,* 33, 4, 248-262.

Hoyer, Wayne D. and Deborah J. MacInnis (1997), *Consumer Behavior,* New York: Houghton Mifflin Company.

Huber, Frank and Andreas Herrmann (2000), "The Role of Customer Value in Arriving at an Assessment of Satisfaction," in *Developments in Marketing Science, XXIII,* Harlan Spotts and H. Lee Meadow, (Eds.), Coral Gables, FL: The Academy of Marketing Science.

Jones, Thomas 0. and W. Earl Sasser, Jr. (1995), "Why Satisfied Customers Defect," *Harvard Business Review,* November-December, 88-99.

Kashyap, Rajiv and David Bojanic (2000), "A Means-End Approach to Investigating the Influence of Perceived Value on Consumer's Purchase Intentions," in *Developments in Marketing Science, XXIII,* Harlan Spotts and H. Lee Meadow, (Eds.), Coral Gables, FL: The Academy of Marketing Science.

Lai, Albert W. (1995), "Consumer Values, Product Benefits and Customer Value: A Consumption Behavior Approach," in *Advances in Consumer Research,* Association for Consumer Research, 381-388.

Marketing Science Institute (1999), 1999 *Annual Alden G. Clayton Doctoral Dissertation Proposal Competition,* Cambridge, MA: Marketing Science Institute.

Monroe, Kent B. (1990), *Pricing: Making Profitable Decisions,* New York: McGraw-Hill.

Nilson, Torsten H. (1992), *Value-Added Marketing: Marketing Management for Superior Results,* London: McGraw-Hill.

Palmroth, William (1991), "Always Remember the Six Buyer Benefits; Qualities Buyers Look for in a Product," *American Salesman,* 36, 9, 12-18.

Parasuraman, A. and Dhruv Grewal (2000), "The Impact of Technology on the Quality-Value-Loyalty Chain: A Research Agenda," *Journal of the Academy of Marketing Science,* 18, 1, 168-174.

Peter, J. Paul and James H. Donnelly, Jr. (1998), *Marketing Management Knowledge and Skills,* Boston, MA: Irwin-McGraw-Hill.

Rokeach, Milton (1979), *Understanding Human Values,* New York: The Free Press.

Rust, Roland T., Anthony J. Zahorik and Timothy L. Keiningham (1996), *Service Marketing,* New York: Harper Collins.

Shapiro, Benson P. and Barbara B. Jackson (1978), "Industrial Pricing to Meet Customer Needs," *Harvard Business Review, 10,* 3, 286-294.

Sheth, Jagdish N., Bruce I. Newman and Barbara L. Gross (1991), *Consumption Values and Market Choices: Theory and Applications,* Cincinnati, OH: South-Western.

Sinanoglu, Elif (1995), "When it's a bargain - yes, a bargain - to pay 30% more," *Money,* 24, 5, 167-170.

Slater, Stanley F. and John C. Narver (2000), "Intelligence Generation and Superior Customer Value," *Journal of the Academy of Marketing Science,* 28, 1, 120-127.

Smith, Gerald E. and Thomas T. Nagle (1995), "Frames of Reference and Buyers' Perception of Price and Value," *California Management Review,* 38, 1, 95-99.

Vayslep, Alex (1996), "Customer Value Measurement," *Quirk's Marketing Research Review,* October.

Woodruff, Robert B. and Sarah F. Gardial (1996), *Know Your Customer: New Approaches to Customer Value and Satisfaction,* Cambridge, MA; Blackwell.

Woodruff, Robert B. (1997), "Customer Value: The Next Source for Competitive Advantage," *Journal of the Academy of Marketing Science,* 25, 2, 139-153.

Zeithaml, Valerie A. (1988), "Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence," *Journal of Marketing,* 52, 3, 2-22.

Send correspondence regarding this article to:
Ellen Day
Department of Marketing
Terry College of Business
The University of Georgia
Athens, GA 30602 USA

CONSUMER RETALIATION AS A RESPONSE TO DISSATISFACTION

Jonathan C. Huefner, Research and Report Consulting
H. Keith Hunt, Brigham Young University

ABSTRACT

Hirschman's Exit-Voice-Loyalty model is expanded to include retaliation, an aggressive behavior done with the intention of getting even. The first study showed that people, when asked, were able to provide personal stories of consumer retaliation. The six consumer retaliation categories that emerged from 185 consumer retaliation stories differed in terms of emotional response, age, level of education, and sex of the retaliator. The second study established that voice, exit, and retaliation are essentially independent consumer behaviors. Individuals seem to have a preferred response to dissatisfaction, most use more than one response, and none relied on retaliation behaviors alone. From the seller's perspective, retaliation is an ineffective consumer response because it does not identify either the cause of the problem or person offended; therefore no corrective action can be taken. From the consumer's perspective, retaliation is primarily cathartic.

INTRODUCTION

"In a grocery store, I asked a man who delivers bread a question about his product. When he brushed me off, he was rude and terse. I was rather put out, and I decided to get back at him. I waited until no one was around, then I grabbed his bread from the shelf and twisted it so that no one would want to buy it. After a short sigh of satisfaction, I took off."

Far more sobering is the Northwestern National Life Insurance Company (1993) report that 15% of workers have been physically attacked on the job, and that these attacks were twice as likely to come from customers than from co-workers, and that one in six of those attacks was with a lethal weapon. Further, the Bureau of Labor Statistics reports that assaults and violent acts by customers and clients in the United States resulted in 35 deaths in 1992 (Windau and Toscano 1993), 43 deaths in 1993 (Toscano and Windau 1995a), and 42 deaths in 1994 (Toscano and Windau 1995b). In both 1993 and 1994, 4% of all job-related homicides were committed by customers/clients (Toscano and Windau 1994, 1995).

Albert O. Hirschman (1970), as a result of his observation of the railway system in Nigeria, proposed that dissatisfied consumers might exit (stop consuming the product), voice (tell management what is wrong and what is expected), or remain loyal (continue to purchase the product). What Hirschman calls "his little idea" has become the basic model of consumer dissatisfaction response. The Hirschman (1986) model states that social actors experiencing disorder have available to them two activist reactions: exit and voice. However, while exit of customers serves as a signal to management that something is amiss, it does not provide any definitive information about what has gone wrong. Voice is the direct and more informative way of alerting management of problems.

The story at the beginning of this article and probably the majority of consumer assaults are related to consumer dissatisfaction. Something that the business or salesperson did led consumers to react in these ways. Are these types of reactions voice, exit, or loyalty? Definitely not. Some consumer reactions to dissatisfaction clearly do not fit Hirschman's voice/exit/loyalty model. The bread story and consumer assaults seem best described as retaliation. We propose that retaliation is a separate class of response to dissatisfaction and that it extends Hirschman's model.

Hirschman's model has been applied to research in many areas, such as patients filing medical malpractice suits (May and Stengel 1990), union membership (Hersch and Stone

1990; Miller and Mulvey 1991), environmentalism (Fortmann and Kusel 1990), and government and public policy issues (Bratton 1990; Herbst 1990; Hill 1991; Huntington 1991-1992; Lee 1992).

Given its wide acceptance by researchers and applicability to dissatisfaction, it is not surprising that much theorizing has been built upon Hirschman's model. Some have even observed that Hirschman's model is a good starting point for research in modeling consumers' responses to dissatisfaction (Singh 1991).

Extending Hirschman's Model

There has been a growing awareness that the Hirschman model is not inclusive of all possible behaviors in various contexts. Rusbult's (Rusbult, Farrell, Rogers, and Mainous 1988; Rusbult, Zembrodt, and Gunn 1982) 2 by 2 response grid (active-passive, constructive-destructive) added "neglect" to Hirschman's basic model. Rusbult's research in the areas of interpersonal and employee relations found support for these four types of response to dissatisfaction: 1) exit (active-destructive) leaving the relationship, 2) voice (active-constructive) trying to improve conditions through discussing the problems, 3) loyalty (passive-constructive) optimistically waiting for conditions to improve, and 4) neglect (passive-destructive) allowing conditions to deteriorate. An acronym formed from these four options is the "EVLN" model.

However, in Rusbult's work there are hints of even "darker" responses to dissatisfaction than the EVLN model initially proposes. Emotional or physical abuse in the context of interpersonal relations (Rusbult, Zembrodt, and Iwaniszek 1986), or organizational delinquency in an employment context (Farrell and Rusbult 1992), were both classified as neglect . However, abuse and organizational delinquency transcend the passive-destructive response of simply allowing conditions to deteriorate. Behaviors such as accidents and sabotage are more active-destructive than passive-destructive, going beyond the EVLN model (Farrell 1983), not fitting either classification.

There have been several other attempts to extend Hirschman's basic model, mostly based on the observation that the exit, voice, loyalty categories seem in various contexts to be too general. Some have argued for two types of loyalty (Graham and Keeley 1992; Withey and Cooper 1992), while others have argued for two types of exit (Lehman-Wilzig 1991; Lyons and Lowery 1989). Also, there have been attempts to classify antagonistic and aggressive behaviors with voice (Gorden 1988; Lehman and Simpson 1992). One study proposed listing subversion as a separate category, along with exit, voice, and loyalty, as an option people exercise within organizations (Hawthorne and Zusman 1992).

Retaliation

Retaliation is aggressive behavior. Social psychology defines aggression as physical or verbal behavior intended to hurt someone (Myers 1990). Retaliation is that type of aggressive behavior done with the intention to get even, making it an equity issue. It is not so much a real equity, but a psychological equity: You got me. I got you back. Now we're even.

The research literature on retaliation has found that the failure of conflict intervention often leads to retaliation (Zuk and Zuk 1989), that retaliatory behavior is not limited by fear of retaliation (Ohbuchi and Saito 1986), that retaliation is mediated by the attribution of intent to the attacker (perceived intentional acts elicit more) (Dyck and Rule 1978 ; Nickel 1974; Ohbuchi and Kambara 1985), that retaliation is a key principle in the escalation of criminal violence (Felson and Steadman 1983), and that violent delinquent crimes are committed primarily for retaliation/revenge (Agnew 1990). It has been observed that retaliation is a natural aspect of human behavior (Smith 1976), and that people retaliate when they lack better means of restoring equity (Baron and Fisher 1984 ; DeMore, Fisher, and Baron 1988; Fisher and Baron 1982). While retaliation has been the study of extensive research in many areas, it has received only passing mention in the area of consumer dissatisfaction and complaining behavior.

Consumer Retaliation

One area that specifically discusses consumer retaliation is the research literature on shoplifting. One study reported that 28.7% of shoplifters cite revenge as the motivation for their actions (Turner and Cashdan 1988). Another study reported that shoplifters felt that "stealing the object is a justified payback or retribution for what the merchants, the restaurant owners, the hotel owners, the big organizations, or the Government take away from all of us" (Arboleda-Florez, Durie, and Costello 1977, p. 205-206). However, based on informal interviews with retailers, shoplifting as retaliation is dismissed as a lame excuse rather than as a result of consumer dissatisfaction. This may be true, but if it is not, this misperception precludes corrective action.

Fornell and Westbrook (1979) and Richins (Richins 1983; Richins and Verhage 1987), citing the assertiveness literature (Alberti and Emmons 1975, 1982; Bloom, Coburn, and Pearlman 1975; Butler 1981; Jakubowski and Lange 1978; Lange and Jakubowski 1976), have specifically examined consumer assertiveness and aggression. Aggression is behavior that is intended to hurt another, having no analog in Hirschman's model, but it is similar to our notion of retaliation. Fornell and Westbrook's (1979) factor analysis of consumer response to dissatisfaction found seven factors, two of which (aggressive self-assertion and aggression with undertones of violence) were clearly aggressive.

Richins (Richins 1983; Richins and Verhage 1987) developed a scale to measure aggression and assertiveness in the consumer context, and found them to be statistically independent. Their research also found that aggression was unidimensional, consisting primarily of self-reports of verbal aggression. They theorized that aggression is unidimensional perhaps due to the limited forms that it is likely to take in the consumer context. What was interesting were the higher correlations found between pleasure in seeking redress and aggression ($r = 0.37$) than between pleasure in seeking redress and assertiveness ($r = 0.07$).

One other study found that 16.25% of dissatisfied customers warned family and friends about the brand, product, or store (Day and Ash 1979), but it is unclear whether this response was retaliatory (intended to hurt the business rather than protect family and friends).

With the view of extending Hirschman's basic model to include these types of behaviors, Hunt (1991) hypothesized three outcomes to consumer dissatisfaction: voice, exit, and retaliation. Retaliation occurs when the customer intentionally does something to hurt the store or business. Our first study was an attempt to assess the scope of retaliation as a response to consumer dissatisfaction. Because of the limited research on consumer aggressiveness/retaliation, we first set out to discover the types of behaviors in which dissatisfied consumers engage. In order to assess the content of consumer retaliation, this first study was basically exploratory.

STUDY 1

Because of the limited research done on consumer retaliation, our first study was exploratory, and was intended to discover the types of retaliation behaviors in which dissatisfied consumers engage. With no previous verification of retaliatory consumer behavior, the principal task in the first study was to establish that consumer retaliation exists. If successful, the second purpose was to identify broad categories of consumer retaliation.

Hypotheses

We expected to find that

1) People, when asked, would be able to provide either personal or secondhand stories of consumer retaliation.

2) The different types of consumer retaliation would vary in terms of the

emotions the individual felt at the moment.

3) The type of retaliation stories would vary with sex, age, and education.

Method

Respondents. Because our research goals focused on examining the relationships between variables, rather than trying to estimate true population values, we relied on what has been termed "fortuitous sampling" (Rosenthal and Rosnow 1991). Thirty students in a consumer behavior class, as part of an optional class project, were asked to obtain up to three stories of consumer retaliation from 12 people in order to obtain full credit for the project. The stories were obtained from family, friends, acquaintances, and their own personal experience. Four students chose to not participate. Three-hundred thirty-one respondents provided from one to three stories, for a total of 376 stories. Of these, 58 stories were eliminated because they were just of consumer dissatisfaction and had no retaliation component (nothing was done to get back at the business). Nineteen stories were eliminated because they were employee retaliation and not consumer retaliation. Of the remaining 299 consumer retaliation stories, 185 were first-person and 114 were secondhand stories. Because many of the questions on the questionnaire could only be answered by the person who retaliated, the 114 secondhand stories were not included in the analysis. For the 185 first-person retaliatory stories, the average age at the time of retaliation was 32.3 years ($\underline{s}$ = 15.8), and the average level of education was 14.5 years ($\underline{s}$ = 1.9).

Procedure. A single sheet of paper labeled "respondent instructions" and three questionnaire sheets were given to each respondent. The instruction sheet gave some background on the project, explaining that when a consumer is dissatisfied with a store or brand or service, three kinds of actions can happen, alone or in combination: voice, exit, or retaliation. A definition and an example of each of these were given. Retaliation was defined as a situation in which "the dissatisfied consumer intentionally does something to hurt the store, brand, or service provider." The example given for retaliation was "The evening the ad was delivered in the newspaper you went to the grocery store just to buy a really good advertised special which turned out to be out of stock--so you push your cart around the store randomly filling it with groceries, then leave the filled cart blocking the aisle and leave the store." It was emphasized that this project dealt with the "retaliation" response to consumer dissatisfaction--those instances when the consumer intentionally does something to hurt the store or brand.

Respondents were asked to give one to three personal retaliation examples of either their own experiences or the experiences of another which they had either personally witnessed or heard firsthand. If respondents could think of more than one consumer retaliation experience, they were asked to relate stories involving different types of retaliation rather than the same type of retaliation involving different stores. Because the intent of the action was critical, we asked consumers to tell us about their own retaliation experiences. The respondent's rights were clearly explained and respondents were assured of complete anonymity. The research findings were discussed in class as part of the consumer satisfaction, dissatisfaction, and complaining behavior segment of the course.

Instrument. The questionnaire consisted of a set of general instructions and four subsections. The general instructions were as follows: "These questions are all written as though this was your own personal experience. If you are writing about someone else's experience, please word your answers accordingly. Spend a moment to think about the retaliation experience and what happened. Remember that most of all we need your own personal retaliation experiences."

The first subsection asked whether the experience was first- or secondhand, spur of the moment or premeditated, a one-time effort or continuous over time, whether others were aware of it, and who was there during the retaliation (no one, spouse, child, parent, friend, or other). A little over half the sheet of paper was lined for respondents to write their consumer retaliation story in as much detail as possible. Respondents were told to attach additional sheets if they needed more space.

The second subsection requested a description of the emotions respondents felt during the retaliation experience. Ten emotional responses were listed, with a 0 (not at all) to 4 (very) unipolar rating scale. The emotional responses listed were 1) excited, 2) anxious/tense, 3) confident/in control, 4) angry/mad, 5) fearful/afraid, 6) pleased/satisfied, 7) ethical/upright, 8) remorseful/sorrowful, 9) irritated/annoyed, and 10) playful/lighthearted.

The third subsection was labeled "personal characteristics." It asked respondents to rate themselves on several five-point scales: how frugal versus free-spending they were; whether they make purchase decisions quickly versus taking a long time; whether they frequently versus seldom get angry; and whether compared to others they felt they retaliated much more versus much less. There was also a question about their perceived financial situation, with several statements along a continuum. The statements ranged from "I seldom have enough money to buy the basic things I need" to "I buy anything I want to--I have more money than I need and buy anything I want."

The fourth subsection asked respondents for their age, age then they retaliated, sex, marital status, family income, and years of formal education.

Results

Respondent's responses included 185 retaliation stories. Central to our analysis was the process of identifying broad categories of consumer retaliation.

Classification of the Retaliation Stories. Based on a reading of the 185 consumer retaliation stories, 6 common retaliation themes emerged: create cost/loss, vandalism, trashing, stealing, negative word of mouth, and personal attack. While separately and then jointly reviewing the stories, the authors agreed on the six general categories of retaliatory behavior. Two examples for each consumer retaliation theme follow. "X" is used as the fictitious name for all businesses.

Create Cost/Loss. Create cost/loss is a specific effort to cost the store money by creating extra work, spoiling products, placing false orders, etc.

1) I had my hair cut at a ritzy place called X. They were supposed to have the best cuts in town. Wrong! They cut my hair unevenly and cut my neck while shaving it. I was mad! I planned my revenge. In the following two weeks, I set up hair appointments for 8 fictitious people. X being a very popular place, appointments had to be made two weeks in advance. Therefore, X didn't feel my revenge for a while. I figure that I cost them well over $100 dollars in lost revenue (considering that a haircut is $10 and a perm is $35) as I set up appointments for 3 perms and 5 cuts.

2) I had gone into a hardware store to get my hunting license. The man at the desk gave me a hard time because my hunter's safety card was blurred because it had gone through the wash. After I finally got the license, I was mad and walked around the store. I came to the bins full of nuts and bolts. After looking around, I mixed handfuls of the different sizes into other bins. I left the store and nobody saw me.

Vandalism. Vandalism consists of the destruction or damage of something in order to "get back" at the business.

1) Last year I was eating at X and the waiter brought me a cold burrito. When I arrived home, I realized it was cold. Two hours later, I took the burrito back. They would not give me a refund. Being upset and angry, I stormed out of the restaurant. Later that night, a friend and I spray painted graffiti on their back wall. It was great until the manager came out. Luckily it was dark

so he didn't see our faces. However, he chased us for nearly an hour. We were lucky to get away.

2) I purchased a solid oak entertainment center from X. My $900 entertainment center was delivered by them. A day or so later, while cleaning it, I noticed that the wood on the sides was beginning to develop a large crack. After many tries to get them to come out and look at it, with no luck, I took some pictures and showed them to the store manager. I wanted a new cabinet. He told me that it was my fault, that I had damaged it, and that he could not replace it. We argued for a long time, still he would do nothing. I was so mad that on my way out I took out my knife with a small saw and I quickly sawed deep cuts into three of their large kitchen tables.

Trashing. Trashing stories involved making a mess by either dumping clothes or product on the floor, or making a mess in a restaurant.

1) A couple of girlfriends and I went out to lunch at a fairly respectable restaurant - X. Our waitress was extremely rude and made me very angry. I had eaten there many times before and was always pleased but this time was a different story, she even served one of my friends the wrong dish. So out of disgust and anger, I played a childhood joke to get her back. I turned all the water glasses over, with the napkin on top so that when she lifted them up the water would go everywhere. Then my friends proceeded to mix up the sugar with the salt. We felt pretty justified in doing our childish actions because of her terrible service.

2) Once I was so mad at a clothing store that I took 5 or 6 outfits and tore off the labels and took them off of the hangers and threw them on the floor in a dressing room so they would have to clean it up themselves. I did not try them on at all.

Stealing. Stealing is taking a product without paying for it in order to "get back" at the business, not just to obtain the product for nothing.

1) I purchased a X power tool with the knowledge of their lifetime unconditional guarantee which a sales person told me was on all their X tools. The tool broke 14 days after purchase and I went to return the tool and a salesperson then said the guarantee was on hand tools only, not power tools, but a 90-day guarantee was on power tools and then asked me for my receipt. I threw the receipt away earlier as a result of my prior knowledge of the guarantee. They wouldn't trade or refund my money. So I went and traded the broken tool for a new tool on my own and left the store.

2) Several years ago, a local pizza restaurant was offering an "All You Can Eat" lunch special. For the low price of $2.99, a person could treat himself to all the pizza, salad, and pasta he could eat. This offer was good Monday through Friday from 11:30 a.m. to 2:00 p.m. Being a pizza junky, I decided to take advantage of this special every day during my lunch break.

I don't like to brag, but eating pizza was one thing I could do better than anyone I know. Sometimes a friend would challenge me to a pizza-eating contest. We would go to the restaurant together and count the number of pieces we each ate. The one who had eaten the most pieces at the end of the lunch break was deemed the winner. I was undefeated with a record of 28 pieces in one lunch hour.

One day while I was enjoying my lunch, the restaurant manager approached me. He said he had been watching me for some time. He felt I was abusing the "All You Can Eat" special. He therefore asked me to leave the restaurant and never come back again. I informed him that I had broken no rules. I had come to his restaurant every day and eaten "all I could eat" -- just like his sign outside said. Nevertheless, he removed me from the restaurant.

Three weeks went by and I decided to return to the restaurant. It was my hope that the manager had forgotten about me. I would then be able to enjoy the "All You Can Eat" special again. No sooner had I sat down than the manager approached me. Not being as polite as during our first encounter, he insisted I leave. After a brief argument, I obliged.

My friends and I devised a plan to get back at the restaurant. One of my friends went into the restaurant and ordered the "All You Can Eat" special. The manager didn't know him, so he was not suspicious. The rest of us were waiting outside behind the restaurant. The friend inside the restaurant filled his plate with pizza. He would then walk to the back of the restaurant and pass the pizza to the rest of us through the door marked "Fire Exit Only." This continued throughout the lunch hour. There were six of us altogether. Collectively we ate 102 pieces of pizza - - not bad for $2.99.

Negative Word of Mouth. Negative word of mouth is telling others of one's dissatisfaction experience (or some exaggerated version) with the intent to hurt the business. Excluded from this category were stories in which the intent seemed to be warning others of a consumer risk. The intent had to be clearly one to hurt the business.

1) I bought a [sport truck] from X. It was a new '88 with full everything. There had been minor adjustments and tune-ups during the first 6 months. At 17,000 miles the warranty was up. That's when the problems happened. Within the next 3 months I had to take it into the shop 8 times. The shocks, plugs, head gaskets, fan belt, thermostat and finally transmission all had to be replaced. My expenses were upwards of $3,000. Why weren't these problems taken care of/detected before the warranty was up? In retaliation I bought alphabet letters and wrote on my shell windows: I bought this lemon at X. 6 mos. warranty without problems, then $3,000 problems in the first 3 mos. following the warranty expiration. Don't buy from X!!! I now get daily satisfaction (in retaliating) while driving my [sport truck] around. My family/friends all agree that I've done the right thing. I even put an ad in the newspaper telling of my experience.

2) We had dinner reservations for 7:30 and arrived at 7:25. At 8:30 we were very irritated, at 9:00 very angry. Then we all started thinking of what we could do to protest and soon began to enjoy ourselves. If we couldn't enjoy dinner, we would get our enjoyment another way. (Yes, we had checked with the hostess several times. She seemed upset that we wouldn't go into the bar to drink.) We talked about sending out for pizza, told people coming in that they should bring a book, and finally, getting louder, starting telling people coming in that the restaurant was through serving for the evening. That's when the manager came over, apologized, seated us immediately, and assigned two waitresses to our table exclusively. Before being seated, we managed to turn away six customers who left when we said the restaurant was through serving.

Personal Attack. Personal attack is a specific effort to in some way hurt the salesperson or manager either through abusive language, negative feedback to supervisors, or physical aggression.

1) The owner of a vintage clothing store had a dislike for young people. When we would go to her store she would try and kick us out telling us that all young people were cheap and that she didn't need our business and so forth. One day she went too far and we became disturbed. My friend and I left and gathered some other friends and went back to her store. We tried on all her clothes and made a real scene in the store. We spoke very rude to her, very loud so others could hear us. We also told other people who were coming in her store not to come in and told them all about the things she had said. We stayed probably 45 minutes and messed up everything. The retaliation wasn't so much that we broke or messed up anything, it was a mental retaliation because we knew that our being there drove her crazy. Finally she lost control and we left.

2) My father was extremely ill so we put him into the hospital for treatment. I explicitly told the doctor that my dad was allergic to penicillin. The doctor did not listen to what I had to say. Later in the week I came to visit my dad. All of a sudden he began to have a stroke. The doctor came in and tried to save him, but nothing could be done. I found out that his heart attack was due to his reaction to penicillin. In retaliation I took the doctor to court and filed for malpractice. I won and eventually put the man out of business.

Table 1
Means, Standard Deviations, and F-scores† for Each of the Retaliation Categories for the 10 Emotional Responses plus Age at the Time of Retaliation and Education

		Negative Word	Create Cost/Loss	Vandalism	Personal Attack	Trashing	Stealing	F-score
Excited	M	2.34	2.50	2.87	2.59	2.41	2.72	.95
	s	1.31	1.23	1.01	1.41	1.15	1.04	
Anxious/Tense	M	2.20	2.31	2.17	2.49	2.07	2.61	.52
	s	1.38	1.47	1.23	1.36	1.30	1.20	
Confident/In control	M	2.85	2.58	2.56	2.66	3.14	2.66	.92
	s	1.13	1.18	1.02	1.48	1.23	1.12	
Angry/Mad	M	3.40	3.24	3.30	2.96	3.00	3.30	.94
	s	.84	.97	1.04	1.04	1.27	.90	
Fearful/Afraid	M	.59	.82	1.46	.90	1.20	1.30	3.12**
	s	1.00	1.08	1.24	1.12	1.33	1.21	
Pleased/Satisfied	M	2.23	2.61	3.20	2.39	3.11	2.71	3.13**
	s	1.48	1.32	.93	1.41	.88	1.40	
Ethical/Upright	M	3.02	1.59	1.62	2.34	1.62	2.11	9.51***
	s	1.07	1.31	1.22	1.42	1.18	1.15	
Remorse/ Sorrowful	M	.44	.68	1.08	.60	.74	.83	1.81
	s	.91	.96	1.25	1.07	1.09	.83	
Irritated/Annoyed	M	3.64	3.21	3.09	3.07	2.77	2.32	5.72***
	s	.63	.96	1.07	1.02	1.36	1.40	
Playful/ Lighthearted	M	.75	1.51	1.76	1.57	2.41	2.19	6.59***
	s	1.05	1.40	1.42	1.66	1.38	1.41	
Age	M	37.46	30.66	34.50	29.09	22.19	31.22	3.52**
	s	15.64	15.26	18.32	12.72	6.64	17.83	
Education	M	15.16	14.29	13.65	14.36	14.33	14.33	3.00*
	s	1.64	1.93	2.06	1.76	1.80	2.09	

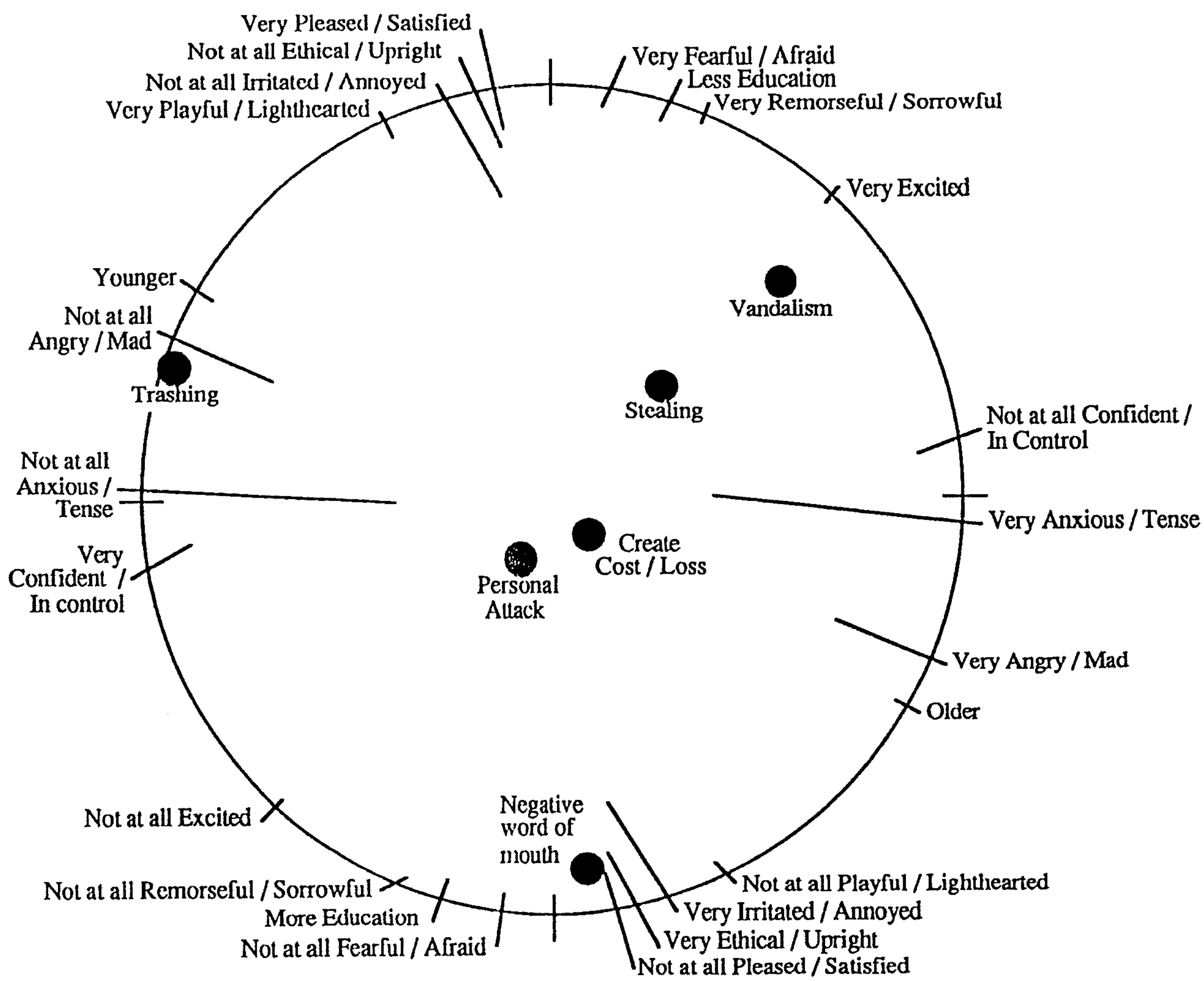
† For each test df = 5, 179.
* $p < .05$ ** $p < .01$ *** $p < .001$

Statistical Analysis

A one-way (retaliation categories) MANOVA was run using the ten emotional responses, age at the time of retaliation, and education as the dependent measures. The MANOVA was significant for the retaliation categories (F (60, 790) = 2.62, $p < .0001$). The means, standard deviations, and F-scores for the 6 retaliation categories for the dependent variables are in Table 1. The univariate Fs for the retaliation categories were significant for fearful/afraid, pleased/ satisfied, ethical/upright, irritated/annoyed, playful/ lighthearted, age, and education. The remaining variables (excited, anxious/tense, confident/in control, angry/mad, and remorseful/sorrowful) were not significant at the .05 level.

Scheffe's S (1953) post hoc test was run to test which of the six retaliation categories was

Figure 1
The Multigraph Showing the Relationship Between the Retaliation Categories in Relation to the Reported Emotional Response at the Time of the Retaliation



A MultiGraph is a way of taking advantage of the redundancy in a data set and shows in a two dimensional plotting the combined results on all questions simultaneously (Echo Data, 1991; Brown, Giles, & Thakerar, 1985). Each point labeled in the MultiGraph represents the end point on a vector from the center of the circle to that point. The closer the points are to the perimeter of the circle, the more of that item's variance is accounted for by the two-dimensional space. Conversely, the closer the points are to the center of the circle, the less an item is accounted for by the two-dimensional space. If a line is drawn from one end of the vector to the other, lines drawn at right angles from that line to the group scores reproduce the distribution of the means for the groups on that score. A MultiGraph is nothing more than a plotting of the factor scores of the subject groups superimposed upon the factor pattern (the plotting of the vectors) for the questions in the two factor space (Brown, Williams, & Barlow, 1984).

Table 2
Factor Loadings Matrix for the Multigraph in Figure 1

	Factor 1	Factor 2	Factor 3	Communalities
Excited	0.7098	0.6660	-0.1014	0.9576
Anxious	0.0067	0.3878	-0.9204	0.9976
Confident	-0.1067	-0.8868	0.2023	0.8387
Angry	-0.2921	0.6862	0.3135	0.6545
Fearful	0.9451	0.1242	0.0428	0.9105
Pleased	0.8920	-0.1213	0.4197	0.9865
Ethical	-0.8467	0.1299	-0.2052	0.7759
Remorse	0.8990	0.3640	0.2259	0.9918
Irritated	-0.7264	0.1308	0.5647	0.8636
Playful	0.8693	-0.3882	-0.2390	0.9634
Age	-0.4868	0.8278	0.2132	0.9677
Education	-0.9047	-0.2645	-0.1342	0.9065
Eigenvalues:	6.1535	2.9536	1.7072	
Percent Eigen:	51.2790	24.6136	14.2268	90.1194

statistically different from the others for each of the statistically significant variables. For fearful/afraid, the only significant difference was between negative word of mouth (M = 0.59) which had the lowest mean, and vandalism (M = 1.46) which had the highest mean. For pleased/satisfied, the only significant difference was between negative word of mouth (M = 2.23) which had the lowest mean, and vandalism (M = 3.20) which had the highest mean. For ethical/upright, negative word of mouth (M = 3.02) was significantly higher than create cost/loss (M = 1.59), vandalism (M = 1.62), and trashing (M = 1.62). For irritated/annoyed, negative word of mouth (M = 3.64) was significantly higher than stealing (M = 2.32) and trashing (M = 2.77). For playful/lighthearted, negative word of mouth (M = .75) was significantly lower than vandalism (M = 1.76), stealing (M = 2.19), and trashing (M = 2.41). For age, the only significant difference was between trashing (M = 22.19) which had the lowest mean and negative word of mouth (M = 37.46) which had the highest mean. For education, the only significant difference was between vandalism (M = 13.65) which had the lowest mean and negative word of mouth (M = 15.16) which had the highest mean.

A MultiGraph statistical procedure was run using the mean values for retaliation categories for the 10 emotional responses, age at the time of the retaliation story, and education. A MultiGraph is a principle components factor analysis using stabilized data in which groups are plotted as factor scores in the resulting factor space (Brown, Icke, and Linker 1990; Echo Data 1991). The MultiGraph in Figure 1 is based on the means given in Table 1. The vertical dimension (the first factor) accounts for 51.3% of the variance, the horizontal dimension (the second factor) accounts for 24.6% of the variance for a total explained variance of 75.9% shown in the two dimensional MultiGraph. There is also a third factor, which accounts for another 14.2% of the variance, with 90.1% of the variance explained by the three factors. The factor loadings for the ten affective variables, age, and education for the three factors are given in Table 2. The vertical dimension was negatively correlated with education, ethical/upright, and irritated/annoyed, and positively correlated with fearful/afraid, remorse, pleased/satisfied, playful/lighthearted, and excited. The horizontal

Table 3
Cross-tab Table Showing Frequency, Column %, and Row % for Each of the Retaliation Categories for Males and Females

		Negative Word	Create Cost/Loss	Personal Vandalism	Attack	Trashing	Stealing	Totals and Column %
Male	N	26	19	28	14	12	13	112
	Column %	47.3%	54.3%	82.4%	63.6%	57.1%	72.2%	60.5%
	Row %	23.2%	17%	25%	12.5%	10.7%	11.6%	
Female	N	29	16	6		8	9	5 73
	Column %	52.7%	45.7%	17.6%	36.4%	42.9%	27.8%	39.5%
	Row %	39.7%	21.9%	8.2%	11%	12.3%	6.9%	
Totals	N	55	35	34	22	21	18	185
	Row %	29.7%	18.9%	18.4%	11.9%	11.4%	9.7%	

dimension was positively correlated with age, angry/mad, and excited, and negatively correlated with confident/in control. The third factor, shown in Table 2 but not in the two dimensional MultiGraph, was negatively correlated with anxious/tense.

A 2 by 6 cross-tab analysis (sex by retaliation categories) was run. The observed frequencies and row and column percents are shown in Table 3. For this analysis the chi-square was 12.62, p = .03. Relative to the other retaliation behaviors (the row percentages), men were more likely than women to perform "vandalism" (25% for men versus 8.2% for women) and "stealing" (11.6% for men versus 6.9% for women). Women were more likely to engage in "negative word of mouth" (39.8% for women versus 23.2% for men) and "creating costs" (21.9% for women versus 17% for men). The percentage differences for "trashing" and "personal attack" were very close: women were more likely to "trash" and men were more likely to engage in "personal attack."

Discussion

The 185 first-person consumer retaliation stories establish that consumers sometimes retaliate in response to unsatisfactory consumer experiences, and are willing to share their retaliation stories under conditions of anonymity. Also, 114 secondhand consumer retaliation stories were not used in this analysis. Thus the hypothesis that people would be able to provide either personal or secondhand stories of consumer retaliation was supported.

The MANOVA results showed that the different consumer retaliation categories were significantly different in terms of respondents' emotional responses. The six retaliation categories were significantly different on 5 of the 10 emotional responses to the retaliation. The greatest overall statistical effect was for negative word of mouth, which was usually significantly different from vandalism and trashing. Self-reports indicated that people using negative word of mouth felt more ethical/upright and irritated/annoyed, and less fearful/afraid, pleased/satisfied, and playful/lighthearted at the time of the retaliation behavior. Vandalism was the highest for fearful/afraid and pleased/satisfied, while trashing was the least ethical/upright and irritated/annoyed, and the highest for playful/lighthearted. This suggests that individuals who retaliate using negative word of mouth, while feeling more ethical about what they've done, report higher levels of irritation and generally less satisfaction with the results than do those who trash or vandalize. At least to some extent, perhaps trashing and vandalism serve to cathart the anger and frustration associated with dissatisfaction (Tedeschi 1983), allowing these retaliators to feel more satisfied and playful about their "unethical" behaviors.

There were also significant differences between the retaliation categories for the two demographic variables: age and education. Average age and education were highest for the negative word of mouth stories. The significant differences were between negative word of mouth and trashing on age, and negative word of mouth and vandalism on education. Negative word of mouth, which is positively related to maturity and education, carries less personal risk to the retaliator, while potentially being the most damaging to the business.

The MultiGraph showed that the six categories of consumer retaliation do differ in terms of felt emotional response, age, and education. The vertical dimension represents the first factor, which explained 51.3% of the variance. This factor seems to represent the way people responded emotionally to socially acceptable versus unacceptable forms of retaliation. The horizontal dimension represents the second factor, which explained an additional 24.6% of the variance. This factor seems to represent the way people responded emotionally in either a self-assured or an unsure, non-confident manner. The third dimension explained 14.2% of the variance and was related solely to anxious/tense (as shown in Table 2) but could not be shown in the two-dimensional MultiGraph.

The negative word of mouth category at the bottom of the MultiGraph, perhaps the most socially acceptable response category to a negative consumer experience, was statistically different from the other categories on most of the emotional response measures. These people felt irritated/annoyed and ethical/upright, and did not feel fearful/afraid, pleased/satisfied, remorseful/sorrowful, or playful/lighthearted. Individuals who retaliated with negative word of mouth were also more likely to have a higher level of education. These are people who were dissatisfied and expressed their dissatisfaction through attempts to hurt the business or product by telling others about the bad experience. This was the most subtle of the retaliation categories in that there is no immediate evidence of dissatisfaction, only long-term loss of business. From the business' perspective the long-term loss of business may be due to any number of market forces (recession, more effective competition from business rivals, shifting consumer trends, etc). The business may be completely unaware of the loss of business due to consumer retaliation.

Both the personal attack and create cost/loss categories are in the middle of the MultiGraph and, on both dimensions, were intermediate retaliation responses to a dissatisfactory experience. These categories were not similar to negative word of mouth in terms of emotional response. Personal attack is a specific effort to hurt in some way the sales person or manager either through abusive language, negative feedback to supervisors, or physical aggression. Create cost/loss is a specific effort to cost the store money by creating extra work, spoiling products, placing false orders, etc. While socially unacceptable behavior, these types of retaliation were perceived as more acceptable than trashing, stealing, or vandalism.

Trashing was done by people who were younger, felt very confident/in control and playful/lighthearted, and did not feel anxious/tense. Trashing stories involved making a mess by either dumping clothes or product on the floor, or making a mess in a restaurant. This suggests that cocky youths were those who related the trashing responses to consumer dissatisfaction.

Both stealing and vandalism evoked fairly similar emotional responses in those respondents who told these stories, with vandalism producing the more extreme emotional response. Those who gave us vandalism stories said that at the time of the vandalism they felt very excited, but were also very remorseful/sorrowful, very fearful/afraid, and not at all confident/in control. They were also the group with the lowest level of education ($\underline{M}$ = 13.6 years). What is noteworthy about the level of education for this group is that it is fairly unrelated to their age ($\underline{M}$ = 34.5), which was the second highest mean for age. Vandalism seems to be a very visceral response. The emotional response to stealing is virtually identical to vandalism, only less in terms of degree (see

Figure 1).

It is interesting that four of the six retaliation categories fall along the vector for the emotion "excited." Vandalism was the extreme, followed by stealing, create cost/loss, and then personal attack. This indicates that these four groups differed most in the reported level of excitement felt during the retaliation experience.

The MANOVA and MultiGraph support both the second hypothesis that the retaliation categories would differ in terms of emotional response, and the part of the third hypothesis that the retaliation categories would differ in terms of age and level of education.

The crosstab analysis showed that men and women in our study differed in terms of the types of consumer retaliation stories they told. Men reported the more extreme retaliatory responses. Men were more likely than women to have told "vandalism" and "stealing" stories. Women were more likely than men to have told "negative word of mouth" and "creating cost/loss" stories. This goes along with research which has found that men are more likely to physically aggress, while women are more likely to verbally aggress (Archer, Pearson, and Westeman 1988; Björkqvist, Lagerspetz, and Kaukiainen 1992; Harris 1993). This supports the last part of the third hypothesis that stories would vary by the sex of the retaliator.

STUDY 2

Study 2 was an attempt to compare consumer retaliation with the more traditional categories of consumer dissatisfaction: exit and voice (Hirschman 1970). Many of the retaliation stories obtained in Study 1 also contained elements of both voice and exit. Examples of this were stories in which complaining to the manager did not produce the desired effect and led to retaliation, or the negative word of mouth stories which were usually accompanied by statements about intending to never go back to the store. We did not include Rusbult's neglect in this study because of the research finding that neglect is not used much in dealing with consumer dissatisfaction (Malafi 1990).

Hypotheses

We expected to find that

1) The voice, exit, and retaliation subscales would be statistically independent.

2) The type of consumer reaction (voice, exit, and retaliation) most frequently selected by an individual would vary by sex, marital status, education, age, and income.

Method

Respondents. Twenty-one students in a consumer behavior class distributed questionnaires to family, friends, and acquaintances. Three hundred and ninety-three respondents returned completed questionnaires, 201 men and 192 women. One hundred seventy-one of the respondents had never been married, 204 were currently married, and 18 were previously married. The average level of education for respondents was 14.7 years, the average age was 33.1 years, and the average income was $41,621.

Procedure. The consumer behavior students chose to participate in an extra-credit class project in which they obtained questionnaire responses from three respondents in each of five different age groups (14-18, 19-25, 26-40, 41-55, 56 and older). Complete respondent anonymity was guaranteed. The research findings were discussed in class as part of the consumer satisfaction, dissatisfaction, and complaining behavior segment of the course.

Each respondent received a packet containing a cover letter, the questionnaire, and a postage-paid return envelope. The cover letter explained that each of the 28 items in the questionnaire came from stories told to us in previous research. Respondents were instructed to respond to every item.

Instrument. A questionnaire asking about different consumer reactions to dissatisfactory experiences was developed. The questionnaire was based on a multi-act behavioral criterion model (Fishbein and Ajzen 1974). Respondents were asked twenty-eight questions about different behaviors they had performed during the last six months. Each question was based on the following four-point scale: 0 = never, no times; 1 = one time; 2 = two times; 3 = three or more times. The questions were meant to fall into three basic categories: 1) voice, 2) exit, and 3) retaliation. The retaliation questions were based on respondent responses in Study 1. The exit and voice questions were based on the literature on exit and voice responses to consumer dissatisfaction. Examples of voice items were, "because of a problem I complained to a store manager," and "because of a problem I complained by phone or letter to regional or national headquarters." Examples of exit items were, "because of a problem I left the business and purchased the product elsewhere," and "because of a problem I stopped buying at that business and have never gone back." Examples of retaliation items were, "because of a problem I told everyone possible in order to hurt the business," and "because of a problem I damaged some part of the building or facilities of the business that upset me." We also asked for demographic information (age, sex, etc.).

Creation of the Subscales. The twenty-eight behavioral items were combined into three subscales: voice, exit, and retaliation. Cronbach's alpha and factor analysis were used to test the internal reliability and unidimensionality of the three subscales. The Cronbach's alpha for the three subscales were voice = 0.67, exit = 0.79, and retaliation = 0.71. These values, while moderate, indicate that each of the subscales is fairly unidimensional. Factor analysis confirmed the voice and exit subscales, each on separate factors. The retaliation questions were split between five factors. However, perhaps because each of these retaliation subscales had such low behavioral frequencies, the Cronbach's alpha based on these factors were substantially lower than the Cronbach's alpha for the original, conceptually based subscale. Because of the low frequencies of many of the retaliation behaviors and the higher Cronbach's alpha of the conceptually based subscale, the subscale composed of all the retaliation items was used.

Results

The frequencies for the individual questionnaire items are given in Table 4. Each item is preceded by "E," "V," or "R" representing exit, voice, or retaliation. They are rank ordered by the percent of people who said they had done that behavior within the last six months. All of the 28 behaviors had been performed at least once by the 393 respondents within the last six months. The most common response was warning family and friends so that they would not have the same problem, which was performed at least once by 76.1% of the sample. The response with the lowest frequency was striking an employee, which only one respondent reported having done within the last six months. In general, voice and exit behaviors were the most common responses to consumer dissatisfaction.

Figure 2 is a Venn Diagram showing the relationship between the three categories of consumer response to dissatisfaction. Each cell shows the number and percent of individuals who reported having performed at least one exit, voice, or retaliation behavior in the last six months. The two biggest groups were those who had performed at least one voice and exit behavior (n = 178) and those who had performed at least one voice, exit, and retaliation behavior (n = 142) in the last six months. Much smaller groups had performed only voice (n = 28), only exit (n = 10), or both voice and retaliation (n = 9) behaviors in the last six months. Twenty-six individuals reported having performed none of the 28 behaviors in the last six months. No one performed just retaliation or just retaliation and exit behaviors.

Figure 3, a Venn Diagram showing the

Table 4
Because of a Problem . . .
(% Who Had Done this Behavior One or More Times, N = 393)

76.1% - V - I warned friends and family so that they would not have the same problem.
72.8% - V - I complained to a store clerk.
58.0% - E - I left the business and purchased the product elsewhere.
55.5% - E - I stopped buying at that business and have never gone back.
53.4% - E - I stopped buying a brand and have never bought it again.
46.1% - E - I only shop at that store when I absolutely have to.
39.2% - E - I canceled an order.
38.2% - E - I stopped buying for a while, but have since gone back.
36.4% - V - I complained to the store manager.
25.7% - R - I told everyone possible in order to hurt the business.
22.4% - V - I complained to regional or national headquarters.
21.9% - R - I threatened an employee that I would go to their supervisor if the problem wasn't corrected.
16.0% - R - I threatened to tell everyone I could if the problem wasn't solved.
11.5% - R - I used name calling or obscenities in venting my frustration.
10.2% - R - I intentionally left a mess so that the employees would have to do extra work.
8.7% - R - I cut up that store's credit card.
7.9% - R - I disturbed other customers so that they would leave and thus hurt the business.
7.4% - V - I made a formal complaint to the BBB or Board of Health.
5.9% - R - I left a full cart or moved items around in order to create work.
5.7% - R - I deliberately stayed past closing hours so that employees would have to stay late.
3.6% - R - I got even by taking something from the store without paying for it.
3.3% - R - I got even by eating a product in the store without paying for it.
2.3% - R - I intentionally broke or damaged a product in the store.
2.0% - R - I placed a food product where it would not be found and would spoil.
1.5% - R - I damaged some part of the building or facilities of the business that upset me.
1.0% - R - I filed a lawsuit that asked for more than just damages.
.8% - R - I placed a fake order or reservation in order to run up business expenses.
.3% - R - I struck an employee.

interrelationships between the three subscales, is based on partial correlation analysis and reports the adjusted R^2. The overlap of the three circles corresponds to the amount of variance that all three subscales have in common. The area where two circles overlap, but not all three, corresponds to the amount of variance shared between the two subscales. The area of the circle which does not overlap any other circle corresponds to the amount of variance of that subscale that is independent of the other two subscales. Partial correlation analysis shows the three subscales to be fairly independent: 64.3% for exit, 60.6% for voice, and 77.2% for retaliation. Only 22.8% to 39.4% of the variance for any subscale is also common to the other subscales. The majority of the variance for voice, exit, and retaliation is independent of the other subscales. The partial correlation analysis, along with the Cronbach's alpha and the factor analysis, support the hypothesis that voice, exit, and retaliation are essentially independent consumer behaviors.

Stepwise multiple regression analyses used sex, marital status, education, age, and income to predict exit, voice, and retaliation. Age and marital status contributed significantly to the

Figure 2
The Number and Percent of Individuals Who Said They Had Done One or More of Each of the Three Categories During the Last 6 Months

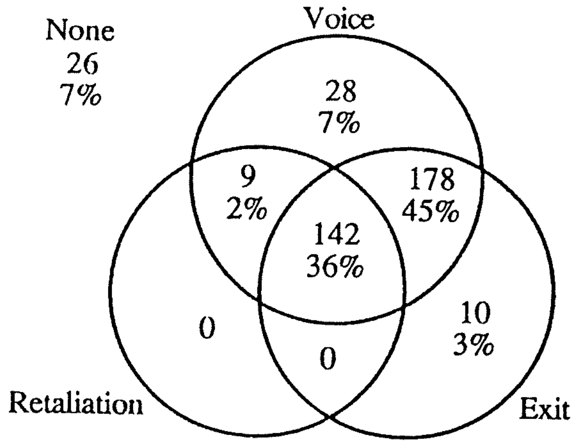
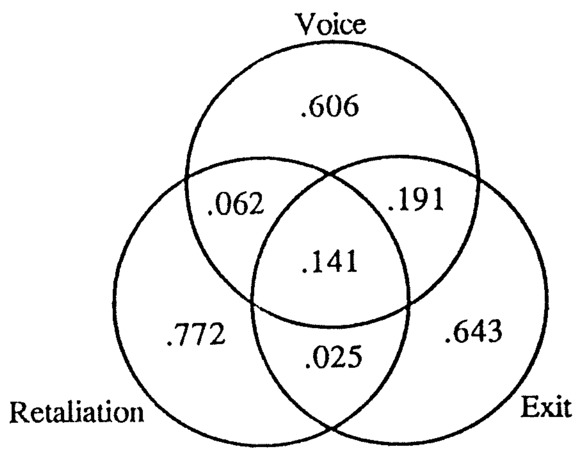


Figure 3
The Percent of Variance in Each of the Subscales that is Independent of or Predicted by One Other or All Three of the Subscales Based on Adjusted R^2



prediction of exit. The multiple correlation coefficient for these two variables was .23. Age was negatively correlated with exit, indicating that as people get older they are less likely to exit in response to consumer dissatisfaction. Marital status was positively correlated with exit. This indicated that as people go from single to married to previously married, there is an increasing chance of using exit in response to consumer dissatisfaction.

Sex and education contributed significantly to the prediction of voice. The multiple correlation coefficient for these variables was .18. Sex was negatively correlated with voice, indicating that men were more likely than women to use voice in response to consumer dissatisfaction. Education was positively correlated with voice, indicating that people with higher levels of education were more likely to use voice in response to consumer dissatisfaction.

Sex and age were the only significant contributors to the prediction of retaliation. The multiple correlation coefficient for these two variables was .22. Both sex and age were negatively correlated with retaliation. This indicated that males more than females, and the young more than the old, were more likely to use retaliation in response to consumer dissatisfaction.

Discussion

The frequencies for the individual questionnaire items are given in Table 4. The two most frequently reported items deal with dissatisfied consumers: 1) warning people they know about either a store or a product and 2) complaining to a store clerk. These two items were combined with the other voice items (complaining to a manager or regional headquarters, and threatening to complain) into a single subscale. In terms of greatest frequency, the voice behaviors were the most common response to dissatisfaction. The fact that the voice items were the most frequent responses to consumer dissatisfaction supports Hirschman's observation that voice behaviors are a more frequent response to dissatisfaction than he had originally supposed (Hirschman 1974). This is especially noteworthy because of the ready availability of competing sources and the so called "ease" and "low cost" of exit (e.g., loose monopolies) (Andreasen 1985).

The third through eighth most frequently occurring items all dealt with consumers exiting their relationship with a store or product due to an unsatisfactory experience. These items were added together to create an exit subscale. It is interesting to note that all of the exit items were grouped together in the frequency distribution. The frequencies for the exit behaviors indicate that they are a significant group of reactions to consumer dissatisfaction, although not as common as voice. Of interest to businesses should be the fourth and fifth items: "I have stopped buying at that business (or that brand) and have never gone back." These items are different from the rest of the exit items and represent a permanent loss of business. The rest of the exit items seem to fall more in line with the way consumers are theorized to act in a market economy, that is, taking their business to whichever business offers the best deal. The fourth and fifth items, however, are closer to what has been termed grudgeholding behavior (Hunt, Hunt, and Hunt 1988).

With the exception of the eleventh and eighteenth items (both voice), the remaining items deal with instances when consumers' behaviors attempt to "get back at" the store or product because of a dissatisfactory experience. These items were summed into a retaliation subscale. The most frequently occurring retaliation item involved telling others about the problem in order to hurt business. This type of story formed a separate class of retaliation behaviors in Study 1: "negative word of mouth." Negative word of mouth was done by 25.7% of our sample at least once within the last six months. The least frequently occurring retaliatory behavior involved striking an employee--only one person reported having done so in the last six months.

One indication of the behavior pattern dissatisfied consumers engage in is shown in Figure 2. It is clear from this diagram that the single largest pattern of behaviors in response to dissatisfaction involved some combination of both exit and voice. What cannot be discerned from this, however, is an individual's pattern of voice versus exit behaviors. The same is true for the next largest group, which were those who had performed at least one voice, exit, and retaliation behavior during the last six months. This group includes both the individual who did many voice behaviors, but only one exit and one retaliation, and the individual who retaliated many times, but only voiced and exited once. From this diagram it is probably most important to note that the large majority of people used more than one behavioral response to dissatisfaction, and that no one relied on retaliation behaviors alone.

An indication of the relative frequency of and relationship between exit, voice, and retaliation behaviors is shown in Figure 3. This diagram shows that the majority of the variance for voice, exit, and retaliation was independent of the other subscales. This is true even for retaliation, for which no one performed retaliation behaviors alone, and yet for which 77% of the variance is independent of the other scales. This suggests that for the last six months, most consumers used a basic behavioral pattern when responding to unsatisfactory consumer experiences. People who reported the highest frequency of voice behaviors in response to dissatisfaction were less likely to have also reported the highest frequency of retaliation behaviors. The same is true for the relationship between voice and exit, and exit and retaliation. It appears that for most people there is a preferred behavioral response of choice, either exit, voice, or retaliation.

The notion that people use a basic response set when reacting to dissatisfaction is also supported by research done with Rusbult's EVLN model. A study that looked at people over the six-month period found that the within-behavior correlations from time 1 to time 2 in the sample of graduates were .61, .47, .56, and .57 for the measures of exit, voice, loyalty, and neglect (Withey and Cooper 1989). People who did one thing at time one tended to do the same thing at time two.

Part of the original research question was the degree to which sex of respondent, marital status, age, level of income, and yearly income were predictive of the three subscales. Stepwise multiple regression was used to determine the demographic variables that significantly contributed to the prediction of each of the subscales. Sex and level of education were significant predictors of the voice subscale, with a multiple correlation of .18 (accounting for 3% of the variance). Men with higher levels of education were more likely to report voicing their consumer complaints. Age and marital status were significant predictors of the exit subscale, with a multiple correlation of .23 (accounting for 5% of the variance). This means that young marrieds or divorcees were more likely to report leaving the store in reaction to consumer complaints. Sex of respondent and age were significant predictors of the retaliation subscale, with a multiple correlation of .22 (accounting for 5% of the variance). Young men were more likely to report having retaliated in response to consumer dissatisfaction. It is important to point out that none of these predictions is very strong, with at least 95% of the variance in each of the subscales unaccounted for by these variables. This indicates that these standard demographic variables were not very predictive of exit, voice, and retaliation. This, of course, raises the question of what is predictive of exit, voice, and retaliation responses to dissatisfaction. Do individuals have a response to dissatisfaction that feels "more natural" to them, or in other words, forms their basic response set? What are the conditions under which one versus another of these types of behavior is expressed?

CONCLUSION

In the best of all worlds, perhaps there would be no dissatisfaction. But, in the world as we know it, dissatisfaction will always exist. Most providers (sellers, employers, governments, intimates, etc.) have to deal with dissatisfaction caused by themselves or by receivers, or by an interaction of the two. Of the three options to dissatisfaction dealt with in this paper, voice is the most desirable in all contexts. Voice makes the source of dissatisfaction explicit. It allows the provider the opportunity to ameliorate the problem or to ignore it. Voice is empowerment to the customer, but even more important is the critical information needed by business to heal current dissatisfaction and forestall future dissatisfaction. It may even allow the business, in correcting the problem, to create a sense of loyalty in the customer and to offer all customers a higher level of service. Without voice, the business is virtually helpless in improving the situation.

Exit, while it may imply a problem, does nothing to identify the nature of the problem itself. How can a business differentiate between those who leave satisfied versus dissatisfied? Except in personal exchanges, the business doesn't even know who its end customers are, and therefore has no way to recognize their exit or contacting those who exit to find out why. Only when the number of exits reaches a critical level and business gets very bad does the business recognize that something is wrong. Even at this point the business still has to figure out what is wrong and correct it. But by then, many customers have exited and are gone forever - resulting in lost revenue and potential negative word of mouth. If the dissatisfaction develops rapidly and too many customers exit, the business may be lost before the problem is recognized and solved. Voice is clearly more desirable because it allows identification of the problem where exit leaves a mystery.

Retaliation is the worst dissatisfaction outcome of all. Not only does it not tell the business what the problem is, it creates additional problems and costs. While most retaliators were open with us about the problem and what they did, none indicated that they went back to the business to confess actions and explain the problem. Many of the retaliation behaviors were illegal, and would have opened the actors to criminal prosecution (the only exception to this pattern being negative word of mouth and suing). While retaliation brought emotional release to the retaliator, it gave no information to the business about the nature of the problem. From the business person's perspective, retaliation has all the disadvantages of exit with the addition of varying degrees of cost.

Most of the retaliatory stories given involved illegal behaviors. It has been observed that much crime is moralistic and involves the pursuit of justice, retaliation being recognized as a form of social control (Baumgartner 1984; Black 1984). Less powerful individuals consistently respond with higher levels of retaliation than do individuals who possess power equal to or greater than their target (Richardson, Vandenberg, and Humphries 1986). Baumgartner (1984) states that covert retaliation is a way of secretly confronting a powerful antagonist through the use of pranks, harassment, theft, property destruction, etc. The retaliation stories in Study 1 clearly fit this pattern.

The retaliation stories were intrinsically interesting. The creativity and anger that went into many of the retaliations were amazing. But each instance of retaliation seems to have occurred only because voice was not perceived as a viable option (or desirable if there is a retaliatory response set), or where voice failed to produce satisfactory results. We believe that as society's organizations become more open and facilitative of voice, it is reasonable to expect that retaliation will decrease. An indication for knowing that a business' mechanisms for voice are working adequately occurs when retaliation frequencies approach zero. "Exit of customers serves as a signal...that something is amiss... and is a powerful but indirect and somewhat blunt way of alerting management to its failings....The direct and more informative way of alerting management is to alert it: this is voice" (Hirschman 1986, p. 78-79). Voice is superior to retaliation for the same reasons. We propose that just as voice negates the need for exit, voice also negates the need for retaliation.

It remains likely, however, that many business people are unaware of the use of retaliation to express consumer dissatisfaction. Much retaliation may appear to be random violence. This is not the case. There may be little damage to businesses that is not the result of some dissatisfaction, creating a double burden for the business, since retaliation does not communicate the exact nature of the complaint, while at the same time creating some type of additional cost. One direction for future research is to study the extent to which business people are aware of consumer retaliation.

Consumers need to recognize that exit and retaliation have no potential to improve their well-being or other consumers' well-being. Only voice allows them to explain dissatisfaction to the seller and suggest possibilities to remove the current dissatisfaction and avoid future dissatisfaction.

Sellers also need to recognize that exit and retaliation have no potential to reduce consumer dissatisfaction. Only voice allows sellers to become aware of consumer dissatisfaction, to understand the roots of that dissatisfaction, and to avoid such dissatisfaction in the future.

Society is best served when dissatisfied customers voice their dissatisfaction, and sellers listen and respond to that voice.

REFERENCES

Agnew, Robert (1990), "The Origins of Delinquent Events: An Examination of Offender Accounts," *Journal of Research in Crime and Delinquency*, 27, 267-294.

Alberti, Robert E. and Michael L. Emmons (1975), *Stand Up, Speak Out, Talk Back! The Key to Assertive Behavior*, New York: Pocket Books.

Alberti, Robert E. and Michael L. Emmons (1982), *Your Perfect Right: A Guide to Assertive Living*, 4th ed. San Luis Obispo, CA: Impact.

Andreasen, Alan R. (1985), "Consumer Responses to Dissatisfaction in Loose Monopolies," *Journal of Consumer Research*, 12 (Sept.), 135-141.

Arboleda-Florez, J., Helen Durie, and John Costello (1977), "Shoplifting - An Ordinary Crime?" *International Journal of Offender Therapy and Comparative Criminology*, 21, 201-207.

Archer, John, Norma A. Pearson, and Karin E. Westeman (1988), "Aggressive Behaviour of Children Aged 6-11: Gender Differences and Their Magnitude," *British Journal of Social Psychology*, 27, 371-384.

Baron, Reuben M. and Jeffrey D. Fisher (1984), "The Equity-Control Model of Vandalism: A Refinement," in *Vandalism: Behaviour and Motivations*, ed. Claude Lévy-Leboyer, 63-75, Amsterdam: North-Holland.

Baumgartner, M. P. (1984), "Social Control from Below," in *Toward a General Theory of Social Control, Vol. 1: Fundamentals*, ed. D. Black, Orlando, FL: Academic, 303-345.

Björkqvist, Kaj, Kirsti M. J. Lagerspetz and Ari Kaukiainen (1992), "Do Girls Manipulate and Boys Fight? Developmental Trends in Regard to Direct and Indirect Aggression," *Aggressive Behavior*, 18, 117-127.

Black, Donald (1984), "Crime as Social Control," in *Toward a General Theory of Social Control, Vol. 2: Selected problems*, ed. D. Black, Orlando, FL: Academic, 1-27.

Bloom, Lynn Z., Karen Coburn and Joan Pearlman (1975), *The New Assertive Woman*, New York: Dell.

Bratton, Michael (1990), "Non-government Organizations in Africa: Can They Influence Public Policy?" *Development and Change*, 21, 87-118.

Brown, Bruce L., H. Giles, and J. N. Thakerar (1985. Speaker Evaluations as a Function of Speech Rate, Accent and Context. *Language and Communication*, 5, 207-220.

Brown, Bruce L., Warren F. Icke and Gary A. Linker (1990), "Graphic Representation of Dyadic Relationships," in *Family Variables: Conceptualization, Measurement and Use*, ed. T. W. Draper and A. C. Marcos, Beverly Hills, CA: Sage, 105-128.

Brown, Bruce L., R. N. Williams and C. D. Barlow (1984), Prifac: A Pascal Factor Analysis Program. *Journal of Pascal, Ada, and Modula-2*, 3 (2), 18-24.

Butler, Pamela (1981), "Self-Assertion for Women, San Francisco: Harper and Row.

Day, Ralph L. and Stephen B. Ash (1979), "Consumer Responses to Dissatisfaction with Durable Products," in *Advances in Consumer Research*, 6, ed. William Wilkie, Ann Arbor, MI: Association for Consumer Research, 438-444.

DeMore, Sylvia Warzecha, Jeffrey D. Fisher and Reuben M. Baron (1988), "The Equity-Control Model as a Predictor of Vandalism among College Students," *Journal of Applied Social Psychology*, 18, 80-91.

Dyck, Ronald J. and Brendan G. Rule (1978), "Effect on Retaliation of Causal Attributions Concerning Attack," *Journal of Personality and Social Psychology*, 36, 521-529.

Echo Data (1991), *DataMax User's Manual*, Orem, UT: Echo Data, Inc.

Farrell, Dan (1983), "Exit, Voice, Loyalty, and Neglect as Responses to Job Dissatisfaction: A Multidimensional Scaling Study," *Academy of Management Journal*, 26, 596-607.

Farrell, Dan and Caryl E. Rusbult (1992), "Exploring the Exit, Voice, Loyalty, and Neglect Typology: The Influence of Job Satisfaction, Quality of Alternatives, and Investment Size," *Employee Responsibilities and Rights Journal*, 5, 201-218.

Felson, Richard B. and Steadman, H. J. (1983), "Situational Factors in Disputes Leading to Criminal Violence," *Criminology*, 21, 1, Feb, 59-74.

Fishbein, Martin and Icek Ajzen (1974), Attitudes Towards Objects as Predictors of Single and Multiple Behavior Criteria," *Psychological Review*, 81, 59-74.

Fisher, Jeffrey D. and Reuben M. Baron (1982), An Equity-Based Model of Vandalism," *Population and Environment*, 5, 182-200.

Fornell, Claes and Robert A. Westbrook (1979), "An Exploratory Study of Assertiveness, Aggressiveness, and Consumer Complaining Behavior," *Advances in Consumer Research*, 6, 105-110.

Fortmann, Louise and Jonathan Kusel (1990), "New Voices, Old Beliefs: Forest Environmentalism Among New and Long-standing Rural Residents," *Rural Sociology*, 55, 214-232.

Gorden, William I. (1988), "Range of Employee Voice," *Employee Responsibilities and Rights Journal*, 1, 283-299.

Graham, Jill W. and Michael Keeley (1992), "Hirschman's Loyalty Construct," *Employee Responsibilities and Rights Journal*, 5, 191-200.

Harris, Mary B. (1993), "How Provoking! What Makes Men and Women Angry?" *Aggressive Behavior*, 19, 199-211.

Hawthorne, Elizabeth M. and Ami Zusman (1992), "The Role of State Departments of Education in School/College Collaborations," *Journal of Higher Education*, 63, 418-440.

Herbst, Jeffrey (1990), "Migration, the Politics of Protest, and State Consolidation in Africa," *African Affairs*, 89, 183-203.

Hersch, Joni and Joe A. Stone (1990), "Is Union Job

Dissatisfaction Real?" *The Journal of Human Resources*, 25, 736-751.

Hill, Christopher V. (1991), "Philosophy and Reality in Riparian South Asia: British Famine Policy and Migration in Colonial North India," *Modern Asian Studies*, 25, 263-279.

Hirschman, Albert O. (1970), *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*, Cambridge, MA: Harvard University Press.

Hirschman, Albert (1974), "Exit, Voice, and Loyalty: Further Reflections and a Survey of Recent Contributions," *Social Science Information*, 13, 7-26.

Hirschman, Albert O. (1986), *Rival Views of Market Society and Other Recent Essays*. New York: Viking.

Hunt, H. Keith (1991), "Consumer Satisfaction, Dissatisfaction, and Complaining Behavior," *Journal of Social Issues*, 47, 107-117.

Hunt, H. Keith, H. David Hunt and Tacy C. Hunt (1988), "Consumer Grudge Holding," *Journal of Consumer Satisfaction, Dissatisfaction, and Complaining Behavior*, 1, 116-118.

Huntington, Samuel P. (1991-1992), "How Countries Democratize," *Political Science Quarterly*, 106, 579-616.

Jakubowski, Patricia and Arthur J. Lange (1978), *The Assertive Option: Your Rights and Responsibilities*. Champaign, IL: Research Press.

Lange, Arthur J. and Patricia Jakubowski (1976), *Responsible Assertive Behavior: Cognitive/Behavioral Procedures for Trainers*. Champaign, IL: Research Press.

Lee, Wei-chin (1992), "Read My Lips or Watch My Feet: The State and Chinese Dissident Intellectuals," *Issues and Studies*, 28(5), 29-48.

Lehman, Wayne K. and D. Dwayne Simpson (1992), "Employee Substance Use and On-the-Job Behaviors," *Journal of Applied Psychology*, 77, 309-321.

Lehman-Wilzig, Sam N. (1991), "Loyalty, Voice, and Quasi-Exit: Israel as a Case Study of Proliferating Alternative Politics," *Comparative Politics*, 24, 97-108.

Lyons, William E., and David Lowery (1989), "Citizen Responses to Dissatisfaction in Urban Communities: A Partial Test of a General Model," *Journal of Politics*, 51, 841-868.

Malafi, Teresa N. (1990), "Exit, Voice, Loyalty, Neglect: A New Approach to Consumer Dissatisfaction," in *Proceedings of the Society of Consumer Psychology, 1990*, ed. C. P. Haugtvedt, and D. E. Rosen, 87-94, Knoxville, TN: David W. Schumann.

May, Marlynn L. and Daniel B. Stengel (1990), "Who Sues Their Doctors? How Patients Handle Medical Grievances," *Law and Society Review*, 24, 105-120.

Miller, Paul and Charles Mulvey (1991), "Australian Evidence on the Exit/Voice Model of the Labor Market," *Industrial and Labor Relations Review*, 45, 44-58.

Myers, D. G. (1990), *Social Psychology*, 3rd ed. New York: McGraw-Hill.

Nickel, Ted W. (1974), "The Attribution of Intention as a Critical Factor in the Relation between Frustration and Aggression," *Journal of Personality*, 42, 482-492.

Ohbuchi, Kennichi and Toshihiro Kambara (1985), "Attacker's Intent and Awareness of Outcome, Impression Management, and Retaliation," *Journal of Experimental Social Psychology*, 21 (4) 321-330.

Ohbuchi, Kennichi and Megumi Saito (1986), "Power Imbalance, Its Legitimacy, and Aggression," *Aggressive Behavior*, 12 (1) 33-40.

Richardson, Deborah R., Robert J. Vandenberg and Sarah A. Humphries (1986), "Effect of Power to Harm on Retaliative Aggression among Males and Females," *Journal of Research in Personality*, 20, 402-419.

Richins, Marsha L. (1983), "An Analysis of Consumer Interaction Styles in the Marketplace," *Journal of Consumer Research*, 10, 73-82.

Richins, Marsha L. and Bronislaw J. Verhage (1987), "Assertiveness and Aggression in Marketplace Exchanges," *Journal of Cross-Cultural Psychology*, 18, 93-105.

Rosenthal, Robert and Ralph L. Rosnow (1991), *Essentials of Behavioral Research: Methods and Data Analysis*, New York: McGraw-Hill.

Rusbult, Caryl E., Dan Farrell, Glen Rogers, and Arch G. Mainous, III (1988), "Impact of Exchange Variables on Exit, Voice, Loyalty, and Neglect: An Integrative Model of Responses to Declining Job Satisfaction," *Academy of Management Journal*, 31, 599-627.

Rusbult, Caryl E., Isabella M. Zembrodt, and Lawanna K. Gunn (1982), "Exit, Voice, Loyalty, and Neglect: Responses to Dissatisfaction in Romantic Involvements," *Journal of Personality and Social Psychology*, 43, 1230-1242.

Rusbult, Caryl E., Isabella M. Zembrodt and John Iwaniszek (1986), "The Impact of Gender and Sex-Role Orientation on Responses to Dissatisfaction in Close Relationships," *Sex Roles*, 15, 1-20.

Sheffe, H. (1953), "A Method for Judging All Contrasts in an Analysis of Variance," *Biometrika*, 40, 87-104.

Singh, Jagdip (1991), "Industry Characteristics and Consumer Dissatisfaction," *The Journal of Consumer Affairs*, 25, 19-56.

Smith, J. Maynard (1976), "Evolution and the Theory of Games," *American Scientist*, 64 (1), 41-45.

Tedeschi, James T. (1983), "Social Influence Theory and Aggression," in *Aggression: Theoretical and Empirical Reviews*, eds. R. G. Geen, and E. I. Donnerstein, 135-162. New York: Academic.

Toscano, Guy and Janice Windau (1995a), "The Changing Character of Fatal Work Injuries," in *Fatal Workplace Injuries in 1993: A Collection of Data and Analysis* (Report 891), Washington D.C.: Bureau of Labor Statistics, pp. 6-17.

Toscano, Guy and Janice Windau (1995b), "National Census of Fatal Occupational Injuries, 1994," *News: United States Department of Labor*, Washington, DC: Bureau of Labor Statistics.

Turner, Castellano B. and Sheldon Cashdan (1988), "Perception of College Students' Motives for Shoplifting," *Psychological Reports*, 62, 855-862.

Wheaton, Arlene (1993), *Fear and Violence in the Workplace*. Minneapolis, MN: Northwestern National Life.

Windau, Janice and Guy Toscano (1994), "Workplace Homicides in 1992," in *Fatal Workplace Injuries in 1992: A Collection of Data and Analysis* (Report 870), Washington, DC: Bureau of Labor Statistics, pp. 11-18.

Withey, Michael J. and William H. Cooper (1989), "Predicting Exit, Voice, Loyalty, and Neglect," *Administrative Science Quarterly*, 34, 521-539.

Withey, Michael J. and William H. Cooper (1992), "What's Loyalty?" *Employee Responsibilities and Rights Journal*, 5, 231-240.

Zuk, C. V., and Zuk, G. H. (1989), "The Conflict Cycle in the Case of an Adolescent in Crisis," *Contemporary Family Therapy An International Journal*, 11 (4), 259-266.

Send correspondence regarding this article to:
H. Keith Hunt
632 TNRB
Marriott School of Management
Brigham Young University
Provo, UT 84602 USA